Table of Contents

Executive Summary ................................................................. 3
The Prevalence of Tuition Assistance Programs ........................................ 5
Perceived Value Defined ............................................................... 7
The Importance of Measuring Perceived Value of Tuition Assistance Programs ........ 11
Implications for Measuring Perceived Value of Tuition Assistance Programs.......... 15
Conclusion ................................................................................ 20
References.................................................................................. 21

Table

1. Perceived Value Items .................................................................. 17
Executive Summary

Introduction

• Educational or tuition assistance programs are a common employer-provided benefit.
• Research supports that tuition assistance programs may reduce voluntary turnover of participating employees and improve multiple components of job performance (Benson, Finegold, & Mohrman, 2004; Ng & Feldman, 2009). Given research findings, organizations should strive to increase participation in tuition assistance programs.
• One way to improve participation rates is to create a strong value proposition to increase the likelihood that employees will experience a high level of perceived value of the program.

The Importance of Measuring Perceived Value of Tuition Assistance Programs

• Although tuition assistance programs are a widespread and cost-intensive benefit, program effectiveness often goes unmeasured (Bersin & Associates Research, 2009). Common myths persist about the ineffectiveness of tuition assistance programs (Echols, 2005).
• Understanding perceived value of a tuition benefit program can help organizations communicate the value and maximize the advantages of employee participation.
• Measuring employees’ perceived value of tuition benefit programs can help organizations make necessary adjustments to improve program effectiveness and ROI.

Implications of Measuring Perceived Value of Tuition Assistance Programs

• Having a well-designed instrument to measure perceived value is critical for organizations that offer or are considering offering tuition benefit programs. Although measuring perceived value is critical, little consensus exists on how to measure it.
• In 2010, researchers at a large organization developed a survey specifically designed to measure the perceived value of employee participation in a tuition benefit program (Miller, Ritter-Williams, & Rouse, 2010).
• Although organizations can use the results from the perceived value instrument developed by Miller et al. (2010) to determine the extent to which employees perceive value from participating in a tuition benefit program, findings from the literature support the need to continue development to increase the utility of the instrument.

Conclusions

• A full understanding of perceived value requires consideration of both the perceived value of the tuition benefit program itself and the perceived value of the education received through the program.
• To fill an existing gap, researchers should develop one or more psychometrically-sound instruments organizations can use to measure multiple components of perceived value of tuition assistance programs.
Educational or tuition assistance programs are a widespread employee benefit offered by organizations (Halfond, 2007; Howard, 2009; Institute for Corporate Productivity, 2008; Society for Human Resource Management [SHRM], 2009). Research results support that tuition assistance programs that are aligned with organizational strategy may reduce not increase, voluntary turnover of participating employees (Benson, Finegold, & Mohrman, 2004). Further, programs that enable employees to increase their level of educational attainment can result in improved task performance, citizenship behaviors, and creativity, as well as decreased workplace aggression, on-the-job substance abuse, absenteeism, and tardiness (Ng & Feldman, 2009).

Given research findings, organizations should strive to improve participation rates in tuition benefit programs. One way to improve participation rates is to create a strong value proposition to increase the likelihood that employees will experience a high level of perceived value of the program. Because value is in the eye of the perceiver, the only real way to determine perceived value is to measure it.

The purpose of this paper is to explain why measuring perceived value of tuition assistance programs is an important activity that should be undertaken by any organization that offers this valuable and cost-intensive employee benefit. The paper includes a discussion of the prevalence of tuition assistance in organizations based on the most recent and available public and private survey data. The concept of perceived value is then discussed as it is conceptualized in the marketing literature and in organizational psychology literature, specifically in relation to equity theory. Included are differing views of perceived value. Some of the most recent research on the benefits of tuition assistance programs to organizations is then discussed, including how measuring perceived value of tuition assistance programs will help organizations maximize benefits. Learnings from the literature are then applied to increasing the utility of an existing measure of perceived value.
The Prevalence of Tuition Assistance Programs

With tuition assistance programs, employers pay for some or all the expenses employees incur while advancing their education. The amount and type of covered expenses vary by employer. Some covered expenses include tuition, fees, books, supplies, and other more indirect education-related expenses (International Foundation for Employee Benefits Programs [IFEBP], 2006).

Although many available estimates exist of how widespread tuition assistance programs are, the estimates vary depending on the methodology employed when gathering the data. Methodological differences include the size of companies surveyed, the sampling methodology, the employee groups included (e.g., professional, clerical, full-time, part-time), and whether reports come from public or private sources. For instance, the Bureau of Labor Statistics reported that in 2008, overall, 50% of private industry workers have access to work-related educational assistance, and 15% have access to non-work-related educational assistance (Buckley, 2009). When considering only larger companies (500 or more employees), 79% of employees have access to educational assistance (FinAid, n.d.; Buckley, 2009). However, despite possible sources of variation, most reports are reasonably consistent in their estimates.

A 2006 survey of 226 U.S. and Canadian corporations, multi-employer trust firms, public employers, and professional service firms found that 88% of responding companies have a formal educational assistance policy; an additional 6% have an informal policy. Ninety-three percent of the companies fund both undergraduate and graduate coursework, and a smaller number (56%) fund vocational and technical training (IFEBP, 2006). In a September 2007 study conducted by Bersin and Associates (Howard, 2009), online survey responses from 396 companies revealed that 87% of U.S. organizations of all sizes and across all industries offer some form of tuition assistance, costing almost $16.5 billion. Results of other surveys on the prevalence of employer-provided tuition assistance programs include similar estimates that range from 66% to 85% (FinAid, n.d.)

Despite poor economic conditions, and although a cost-intensive employee benefit, research indicates tuition assistance programs continue to be a widespread benefit that employers are reluctant to reduce or eliminate.

Additional evidence demonstrating the prevalence of employer-sponsored educational assistance programs comes from the National Center for Education Statistics [NCES], the primary government organization that collects data regarding
Of 18 categories of cost-cutting measures human resource professionals reported using, cutting back on tuition reimbursement was 14th in terms of frequency.

Another indicator of the degree to which educational assistance plans are used by employees are the figures published by the Office of Management and Budget (OMB) regarding employee benefit tax expenditures. Because employers may contribute up to $5250 per year tax-free to the employee to pay for certain education expenses, this employer contribution is considered income to the employee on which no taxes will ever be collected. The amount of lost tax revenue for employer-provided educational assistance in 2008 was 660 million dollars, projected to increase to 690 million dollars in 2009 (Employee Benefit Research Institute, 2008).

Because of the poor economic climate in recent years and the large number of company cost-cutting strategies such as layoffs, salary reductions, and employee benefit reductions and eliminations, a reasonable question would be whether employers should continue to offer tuition assistance programs to employees. Despite poor economic conditions, and although a cost-intensive employee benefit, research indicates tuition assistance programs continue to be a widespread benefit that employers are reluctant to reduce or eliminate. In 2009, the outplacement firm Challenger, Gray & Christmas, Inc. (2009) conducted a survey of company cost-cutting methods. One hundred human resource professionals across a variety of industries responded to the survey. Of the 18 categories of cost-cutting measures survey respondents reported using, cutting back on tuition reimbursement was 14th in terms of frequency. Only 10.8% of survey respondents reported reducing tuition reimbursement to control costs. The only less frequently used cost-cutting measures were forced vacation (8.9%), four-day work weeks (7%), furlough programs (6.7%), and office space reductions (6.7%) (Challenger, 2009). These survey
results are corroborated by another survey conducted by the Corporate Executive Board of Arlington, Virginia. Interviews with 50 human resource executives at Fortune 500 companies revealed that among the organizations offering tuition reimbursement, 75% did not plan to reduce or eliminate the benefit as a result of the current economic conditions (Babcock, 2009).

**Perceived Value Defined**

The concept of perceived value is a critical issue for organizations seeking to build and sustain a competitive advantage (Wang, Lo, Chi, & Yang, 2004). Perceived value was called the “defining business issue of the 1990s” (Sánchez-Fernández & Iniesta-Bonillo, 2007, p. 427). Organizations must consider (perceived) consumer value when developing marketing strategy (Holbrook, 1994).

Despite expressed interest in perceived value, a single, generally accepted definition of the term does not appear to exist. Further, divergent opinions exist about the nature of the concept. Khalifa (2004) suggested that “the concept of value . . . is one of the most overused and misused concepts in social sciences in general and in management literature in particular” (p. 646).

Individuals use a wide variety of terms synonymously with perceived value, such as judgment value, shopping value, consumer value, service value, consumption value, and product value (Sánchez-Fernández & Iniesta-Bonillo, 2006). One good example of the misuse of the concept occurs when organizations use the term “value pricing” to refer to a low price or lower-quality product (Lezinski & Marn, 1997).

Developing a shared understanding of the role of perceived value is important when considering tuition assistance programs. A review of marketing literature revealed two general approaches to the concept of perceived value: the unidimensional approach (see, for example, Huber, Hermann, & Morgan, 2001; Sánchez-Fernández & Iniesta-Bonillo, 2007; Zetihaml, 1988) and the multidimensional approach (see, for example, Moliner, Sánchez, Rodríguez, & Callarisa, 2007; Sheth, Newman, & Gross, 1991; Sweeney & Soutar, 2001). While the differences between the two approaches are somewhat theoretical, elements of both approaches are beneficial when designing an instrument to measure perceived value.

At the most fundamental level, proponents of the unidimensional approach believe perceived value consists of two parts: the benefits received by the consumer and the costs incurred (De Sarbo, Jedidi, & Sinha, 2001; Zetihaml, 1988). Perceived value is a subjective judgment by the consumer about the balance between what he or she “gets” and what he or she “gives” in return. Authors have described this conception of perceived value as “functional value” (Sánchez-Fernández & Iniesta-
Virtually all current models of perceived value in the marketing literature include the notion that the consumer performs some type of subjective cost-benefit comparison, although the exact nature of the costs and benefits may differ.

One model of the cost side of the equation was provided by Huber et al. (2001), who suggested the subjective costs include items such as “monetary costs; time costs; search costs; learning costs; emotional costs; and cognitive and physical effort coupled with financial, social, and psychological risks” (p. 44). One of the important implications of functional value is that the evaluation of both the benefits and costs associated with creating perceived value are subjective and outside the direct control of any product or service provider.

As an example, employers cannot create perceived value for their employees through the design of their tuition assistance programs. Like all providers of services, employers can create a value proposition for the tuition assistance program. The actual perceived value is phenomenologically determined by each employee based on a unique set of circumstances (Helkkula & Kelleher, 2010). In this sense, perceived value has some commonality with another well-known theory in the organizational psychology literature known as Adam’s equity theory (Adams, 1963). While equity theory is usually connected with issues surrounding work motivation and organizational justice, conceptually equity theory shares some common elements with the unidimensional approach to perceived value.

According to equity theory, in an employment relationship, individuals compare what they contribute to the organization such as their experience, hard work, training, and education (referred to as inputs) to what they get in return (outcomes), such as their pay, benefits, or recognition (Adams, 1963). Individuals then compare their outcome-input ratios to the outcome-input ratio of a “comparison” person such as a coworker, colleague, or anyone else they subjectively believe (correctly or incorrectly) is comparable. If the outcome-input ratios are perceived to be equal, the person
While the unidimensional approach to perceived value focuses mostly on costs vs. benefits, the multidimensional approach adds a number of other types of value to the concept of perceived value.

Because people may be motivated to action when they experience low perceived value, the ROI of tuition assistance programs can be adversely affected—one reason why a solid measurement of perceived value of a tuition assistance program is important to establish.

perceives that equity exists. When the ratios are unequal—particularly when the comparison person is perceived to have a “better” outcome to input ratio—perceived inequity exists. The perceived inequity then motivates a person to action, such as asking for a raise (increasing the outcomes), working less hard (to reduce the level of input), or, in the worst case, quitting the job. This subjective comparison is conceptually very similar to the cost-benefit analysis that is presumed to take place when a consumer evaluates the perceived value of a product or service.

In the context of a tuition assistance program, according to equity theory, employees would consider the outcomes they expect personally to receive from the program versus the inputs they need to give—such as time commitment, hard work, and monetary expense—to receive those outcomes. Employees would also consider what they believe the organization’s outcomes will be as a result of participating in the program versus what the organization’s inputs, or costs, are. To the extent that employees perceive their ratio of outcomes to inputs is equal to or better than the organization’s ratio of outcomes to inputs, employees would experience a greater level of perceived value of the tuition benefit program. If the ratio is not perceived to be favorable, employees would experience lower perceived value of the program, be less likely to participate in the program, or possibly leave the company after completing their education.

Employees leaving the company after completing an education through a tuition benefit program is a significant consequence for employers to consider because generally a concern exists about whether tuition assistance programs are too focused on improving employees’ general skills, as opposed to their job-specific skills (Feingold, Benson, & Mohrman, 2002). The concern is that improving the general skill level of employees will make them more employable by competitors. Providing a higher level of general skills to employees may be seen as shifting the
equity ratio too much in the favor of the employee, while reducing the potential return on investment (ROI) for the organization.

Whether one views the employees' evaluation of a tuition assistance program through an equity lens or a perceived value lens, perceived value is inherently a subjective judgment made by the participant (Sánchez-Fernández & Iniesta-Bonillo, 2007). A product or service supplier cannot ensure that perceived value is built into their offerings. Similarly, an organization cannot build perceived value into their tuition benefit program.

A significant difference exists between a value proposition and perceived value. A value proposition is determined strategically by the provider of the goods or services, while the actual perceived value exists in the mind of the consumer (Helkkula & Kellher, 2010). A measurement process is necessary to evaluate perceived value, as it cannot be directly observed. As predicted by equity theory, because people may be motivated to action when they experience inequity (or low perceived value), the ROI of tuition assistance programs can be adversely affected—one reason why a solid measurement of perceived value of a tuition assistance program is important to establish.

While the unidimensional approach to perceived value focuses mostly on functional value—costs vs. benefits—the multidimensional approach adds a number of other types of value to the concept of perceived value. Researchers have described the other forms of value as:

- **social value**, which involves the norms of the consumer’s circle of friends and family regarding the choices he or she may make as well as the image those choices may project;
- **emotional value**, which entails the possible positive or negative feelings that a particular choice creates in the consumer;
- **epistemic value**, which concerns the degree to which a choice is motivated by a desire for knowledge or novelty; and
- **conditional value**, which includes the fact that the perceived value of a choice may differ depending on the circumstances in effect at the time a choice is made (Sheth, Newman, & Gross, 1991).

Some of these additional components of a multidimensional model of perceived value could be relevant to tuition assistance programs. The idea of social value becomes important when an employee makes a choice about which school to attend or which educational program to select. Some tuition assistance programs limit the choices of both school and program in which an employee is permitted to enroll (FinAid, n.d.). These types of limitations could affect the social value of the program
Given the costs to the organization involved in offering tuition assistance programs and the need for a return on the investment, a perceived value measurement should be part of an ongoing program evaluation process.

In summary, no absolute consensus in the literature exists about the nature of perceived value. Recognizing the lack of consensus, Marketing Science Institute identified defining perceived value as one of its research priorities in 2006-2008 (Sánchez-Fernández & Iniesta-Bonillo, 2007). The unidimensional approach is a simpler approach, as it focuses on the cost-benefit part of the perceived value equation (i.e., the functional value). For the purposes of measuring the perceived value of a tuition assistance program, some of the variables included in the multidimensional model also warrant inclusion. Finally, critical to understanding perceived value is understanding the entire experience of consumption, not simply the object that is consumed (Frow & Payne, 2007). As the value experience is inherently subjective, the only way to determine the extent to which the consumers of tuition assistance programs (employees) are perceiving value is to ask them using a measurement instrument. Given the costs to the organization involved in offering tuition assistance programs and the need for a return on the investment, a perceived value measurement should be part of an ongoing program evaluation process.

**The Importance of Measuring Perceived Value of Tuition Assistance Programs**

Many organizational leaders perceive tuition assistance programs to be a standard company benefit, and therefore the effectiveness of the programs often goes unmeasured (Bersin & Associates Research, 2009). In addition, organizational leaders believe widespread myths regarding investment in degree programs for employees (Echols, 2005). Two cited myths and the questions they raise for
employers are (a) “Why should I pay to help my employees get a degree, they will just leave the company when they graduate” and (b), “Why should I pay to help my employees to take courses of their own choosing? They will just take courses that they like . . . but which have no value to the company” (Echols, 2005, p. 2).

Two recently published pieces of research directly address these myths (Benson, Finegold, & Mohrman, 2004; Ng & Feldman, 2009). The first study addressed the impact of tuition assistance plans on voluntary turnover (myth 1). The second study addressed the impact education has on a number of job performance dimensions (myth 2).

One myth is that when employees use tuition assistance programs, voluntary turnover increases. The employer’s concern is that the organization may be investing in employees’ general skills—as opposed to job-specific skills—which will make tuition benefit program participants more employable by competing firms. A 2004 study conducted by Benson et al. (2004) directly investigated the issue.

Benson et al. (2004) gathered data on over 9,000 salaried employees in a large manufacturing firm. The firm had a comprehensive tuition reimbursement program which paid 100% of the costs of pursuing any degree or professional development program without restriction. The company also allowed employees to take a few hours per week off the job for study. Those employees who completed a degree were given a bonus of between $5,000 and $10,000 in company stock depending on the level of the degree completed. No retention or other requirements were placed on employees who used the program, and the program was not integrated into existing jobs or promotional opportunities (Benson et al., 2004).

Results revealed:

- Employees who participated in the program without earning degrees were 55% less likely to quit the company than non-participants.
- Employees earning an associate or bachelor’s degree were no more likely to quit the company than those taking classes through the tuition assistance program but not earning a degree.
• Employees earning an associate or bachelor’s degree through the tuition assistance program were 55% less likely to quit the company than nonparticipants.

• *Employees earning a graduate degree through the tuition assistance program* were 21% less likely to quit the company than nonparticipants. (Benson et al., 2004)

Some circumstances did result in higher rather than lower turnover. Employees who earned graduate degrees through the tuition assistance program were 76% more likely to quit the company than employees who took classes through the program without earning degrees. However, graduate degree earners were still 21% less likely to quit the program than nonparticipants.

Some support for myth 1 does exist. Graduate degree earners (but not undergraduate degree earners) may be more likely to voluntarily leave the organization than program participants who do not earn a degree. However, the research also demonstrated that organizations could reduce turnover among graduate degree earners by integrating the tuition assistance program with human resource strategy. Graduate degree earners who were promoted after they earned the degree were 51% less likely to quit than those who earned a graduate degree, but were not promoted. The implication is organizations should connect their tuition assistance programs to their business strategy to provide a more defined career path for employees pursuing graduate degrees.

Although employees who take specific job-related courses might provide additional benefit to the organization through increased task knowledge, those employees who increase their educational level in any area also benefit the organization.

Research indicates that common myths about the ineffectiveness of tuition assistance programs are mostly false.

Looking at the results in terms of perceived value, specifically functional value, it is likely that the perceived value of a tuition assistance program for obtaining a graduate degree that will not specifically result in a promotion would be lower than the perceived value of a program that was more directly tied to a business strategy resulting in promotion. Perhaps the most significant finding of Benson et al.’s (2004) study is that the group most likely to quit the organization during the period covered by the study was employees who did not participate in the tuition assistance program. Employees taking courses as part of a
tuition assistance program may be less likely to voluntarily leave the organization than employees not taking courses. Therefore, organizations may benefit not only by offering a tuition assistance program, but by actively promoting the program’s value proposition to potentially increase participation rates.

A second myth is that employees taking part in an unrestricted tuition reimbursement program will choose courses that will not result in a benefit to the organization. The most recent study on the relationship between level of education—regardless of major or specialty area—and job performance is a 2009 meta-analysis\(^1\) conducted by Ng and Feldman (2009). Ng and Feldman examined the relationship between level of education and three different job performance components. The first job performance component, called *core task behaviors*, consisted of evaluations of the quality of employees’ performance in carrying out basic required job duties. The second component of job performance was *citizenship behaviors*—behaviors over and above those behaviors required by an individual’s job description that when performed, provide an additional level of value to the organization. Ng and Feldman included creativity as part of their definition of citizenship behaviors. The third component of job performance was *counter-productive behaviors*—behaviors that employees sometimes perform voluntarily that can harm the organization such as workplace aggression, on-the-job substance abuse, absenteeism, and tardiness (Ng & Feldman, 2009). Ng and Feldman also considered in their analysis multiple sources of evaluation of job performance. Where possible, they considered objective performance ratings, managerial performance ratings, peer ratings, and self-ratings.

Results of the meta-analysis indicated:

- Education level was significantly positively related to objective measures of core task performance and to supervisor, peer, and self-ratings of performance.
- Education level was significantly positively related to organizational citizenship behaviors, as rated by both supervisors and self.
- Education level was significantly and strongly positively related to objective and managerial ratings of creativity and to self-reported ratings of creativity.
- Education level was significantly and negatively related to on-the-job substance abuse and workplace aggression. Fewer incidents of on-the-job substance abuse and workplace aggression in employees were observed with higher levels of education.

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\(^1\) A meta-analysis is a statistical method that allows researchers to combine the results of many prior studies in order to produce a single, more reliable estimate of the topic under investigation.
• Education level was significantly and negatively related to objective measures of absence. Incidences of absenteeism were lower among employees with higher levels of education. (Ng & Feldman, 2009)

The results suggest that myth 2—that tuition assistance programs simply enable employees to “take courses they like” but that do not benefit the organization—is false. Although it may be true that employees who take specific job-related courses might provide additional benefit to the organization through increased task knowledge, those employees who increase their educational level in any area also benefit the organization. As Ng and Feldman (2009) concluded, “educated employees, as a group, perform more effectively [in terms of] task, citizenship and counterproductive performance, and that certainly augurs well for the fulfillment of managers’ expectations of highly educated workers” (p. 113).

Overall, research results support that tuition assistance programs that are aligned with a corporate strategy may reduce, not increase, voluntary turnover. Further, programs that help employees increase their level of educational attainment can result in improved task performance, citizenship behaviors, and creativity, as well as decreased workplace aggression, on-the-job substance abuse, and absenteeism. Given research findings, organizations should strive to improve participation rates in tuition benefit programs. One way to improve participation rates is by developing a value proposition for the tuition assistance program that maximizes the perceived benefits of the program while minimizing the perceived costs. These actions would be most likely to increase the program’s perceived value. However, because value is in the eye of the perceiver, the only real way to determine the extent to which those actions were effective in increasing perceived value is to measure it.

**Implications for Measuring Perceived Value of Tuition Assistance Programs**

Just as it is important to evaluate employee perceptions of other types of benefits, such as health insurance, organizations must understand how employees perceive the value of tuition assistance benefits. Tuition assistance programs are widely used within organizations, are cost-intensive to implement, and are likely to continue being offered even during difficult financial times. Measurement of perceived value enables organizations to make appropriate adjustments to their plans so that they can better meet employee needs and achieve business goals.

Because tuition assistance plans are optional, their perceived value affects their utilization. Utilization is important for at least two reasons: (a) the data indicate that properly implemented tuition assistance programs can reduce voluntary
Measuring the perceived value of tuition benefit programs so that necessary adjustments can be made to improve their utilization can significantly contribute to their ROI.

Although measuring the perceived value of tuition assistance programs is critical for organizations, a review of literature revealed little consensus exists on how to measure it. Some researchers use a unidimensional approach; others take a multidimensional approach. Further, few, if any, instruments are readily available to specifically measure the perceived value of tuition assistance programs. Researchers reference instruments to measure general perceived value of products and services such as the PERVAL and the SERV-PERVAL scales, and adaptations of these scales measure student’s perceived value of higher education services received (see, for example, Alves, 2010, and Petrick, 2003).

In 2010, researchers at a large organization developed a survey specifically designed to measure the perceived value of employee participation in a corporate tuition benefits program (Miller, Ritter-Williams, & Rouse, 2010). The instrument was designed as part of a larger initiative to measure the return on investment of the organization’s tuition assistance program. The instrument was designed after reviewing existing literature to understand the potential benefits, as identified by human resource professionals and researchers, and formulating items to measure the most commonly reported benefits.

The instrument included both closed- and open-ended items. The instrument included 11 statements regarding employees’ perceptions of the organization’s tuition benefits program. Employees rated each statement on a 5-point Likert-type scale that ranged from strongly disagree to strongly agree. Seven of the 11 items related specifically to how the employees might personally benefit from using the program. The instrument also included three open-ended questions (see Table 1).
Table 1
Perceived Value Items

<table>
<thead>
<tr>
<th>The Organization’s Tuition Benefit Program...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Was critical to my decision to work for...</td>
</tr>
<tr>
<td>2. Is a primary reason why I remain employed at...</td>
</tr>
<tr>
<td>3. Makes... a more competitive employer than other organizations in the job market.</td>
</tr>
<tr>
<td>4. Has increased my loyalty to...</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participation in the Tuition Benefit Program has or will...</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Increase the knowledge and skills required to do my job.</td>
</tr>
<tr>
<td>6. Promote my personal development.</td>
</tr>
<tr>
<td>7. Make me more engaged in my job.</td>
</tr>
<tr>
<td>8. Improve my work performance and productivity.</td>
</tr>
<tr>
<td>9. Make me more marketable as I pursue my career goals.</td>
</tr>
<tr>
<td>10. Prepare me for advancement within...</td>
</tr>
<tr>
<td>11. Enhance my salary potential.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Open-Ended Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What was your primary reason for participating in the... tuition benefit program?</td>
</tr>
<tr>
<td>2. What do you believe is the greatest value of the... tuition benefit program to the organization?</td>
</tr>
<tr>
<td>3. What do you believe is the greatest value of the... tuition benefit program to you?</td>
</tr>
</tbody>
</table>


Having a well-designed instrument to measure perceived value is critical for organizations. Understanding perceived value can help organizations communicate the value and perhaps increase participation. Increased participation may reduce voluntary turnover and positively impact multiple components of job performance. Although organizations can use the results from the perceived value instrument developed by Miller et al. (2010) to determine the extent to which employees perceive value from participating in the tuition benefits program, findings from the literature support the need to continue development to increase the utility of the instrument.

Some components of the perceived value instrument warrant further consideration. For instance, because of the wording of the items, the direct cause of the perceived value is unclear. Any observed value may be a result of the program itself or the result of the additional education that the employee received with help from the program. For example, one survey item stated, “Participation in the tuition benefit program has or will improve my work performance and productivity.” It is unclear how the act of participating in a tuition benefit program could directly increase work performance or productivity. It is more likely that additional education
Measuring perceived value may provide organizations with data to help them gain a competitive edge.

would be a direct cause of improved performance and productivity, even as the program would have reduced the cost of obtaining that education.

When responding to the items on the perceived value instrument, respondents might be considering the value (or impact) of the additional education and/or the value (or impact) of the tuition benefit program itself. A clear understanding of the meaning of the responses is difficult given the current wording of the items.

The wording of items on a measurement instrument is critical. Careful attention must be paid to wording items so they are not ambiguous and/or subject to more than one possible interpretation. It is possible that the perceived value of the education that occurs by participating in the tuition benefits program could be very high, while the perceived value of the program itself could be very low if the program were poorly conceived or executed.

If the intent is to measure the perceived value of a tuition benefits program, the instrument should include items that directly inquire about the perceived value of how the program is constructed (e.g., its requirements and limitations) rather than the perceived value of the additional education that was the outcome of the program. If the intent is to measure the perceived value of the education offered as a part of the program (i.e., the outcome of participating in the tuition benefits program), then the instrument items should focus on the value of the education afforded as a result of participating in the tuition benefits program.

Regardless of whether the intent of a perceived value instrument is to understand the perceived value of the outcome of participating in the program or the perceived value of the program itself, an instrument with the most utility should completely address the core components necessary to evaluate the perceived functional value of the program. Perceived functional value is a subjective evaluation of cost versus benefits. The functional value of a tuition benefits program would be important to explore if the intent was to evaluate the perceived value of the tuition benefit program itself. Most organizations have limited budgets to devote to their tuition assistance programs, and many organizations are focusing increasingly on the ROI of their programs.
Many programs have restrictions (FinAid, n.d.). The restrictions vary by organization, and can include (a) limits on the amount of tuition reimbursed in any one year, (b) tenure requirements that must be met before an employee can participate in the program, (c) clawback contracts which require employees to repay the company if they voluntarily leave the organization before a specified period of time has elapsed, (d) limitations on the particular school or program that employees may select, and (e) reimbursement levels that are linked to the grades obtained. These types of restrictions would be included on the “cost side” of the employees’ subjective cost-benefit analysis of functional value.

Understanding perceived value of a tuition benefits program can help organizations communicate the value and maximize the advantages of employee participation.

If the intent is to measure the perceived value of a tuition benefits program, any perceived value instrument should include items about the cost side of the functional equation. Including such items would increase understanding of whether the costs associated with tuition benefit program participation impact perceived value. Including the cost side of the functional equation in a perceived value instrument would produce results that could be used to make recommendations about ways to improve the perceived value of the program.

Regardless of intent, organizations should connect their tuition assistance programs to their business strategy. For example, organizations might provide a more defined career path for employees pursuing degrees through tuition assistance. Organizations might tie salary increases to degree completion. Connecting tuition assistance to business strategy may reduce turnover among degree earners and help organizations retain valued talent.

Increasing participation rates in tuition assistance programs can increase the program’s ROI through reduced turnover (Benson et al., 2004) and higher levels of job performance (Ng & Feldman, 2009). Therefore, organizational leaders must understand how objectively and subjectively perceived costs associated with program restrictions might affect the programs’ perceived functional value. Some restrictions may not impact functional value appreciably and therefore may not affect participation rates. Organizational leaders might be able to reduce program costs by

A full understanding of perceived value requires consideration of both the perceived value of the tuition benefit program itself and the perceived value of the education received through the program.
implementing those types of restrictions. Other restrictions might have more significant impact on perceived functional value, which could affect participation rates.

To improve perceived functional value and maximize employee participation in tuition assistance programs, organizations should consider more carefully the restrictions that significantly impact perceived functional value. Perceived functional value surveys that measure the degree to which tuition benefit program restrictions increase or decrease perceived value would be an important asset to organizations interested in designing or redesigning their programs. Surveys could also be used to investigate the benefit side of the cost-benefit equation. Like the Miller et al. (2010) survey, these surveys could investigate the degree to which employees see a tangible connection between the organization’s tuition assistance program and its human resource strategy. Perceived functional value of a tuition benefit program might increase to the degree to which employees believe that a connection exists.

Conclusion

In summary, measuring perceived value may provide organizations with data to help them gain a competitive edge. To provide the most value to organizations, the instrument used to measure perceived value must include very carefully worded items to ensure clarity on what is being measured—perceived value of the program or perceived value of the educational activities. The instrument should, at a minimum, reflect a unidimensional approach by measuring perceived value in terms of the benefits received by the consumer and the costs incurred. A full understanding of perceived functional value requires a consideration of both the benefits received and the costs incurred.

To fill an existing gap, a call for action from researchers is to develop one or more psychometrically sound instruments organizations can use to specifically measure the perceived value of tuition assistance programs and/or the educational activities within the program. Instruments to measure perceived value can serve an important function for organizations that offer or are considering offering tuition assistance programs. Such instruments can provide organizations the data they need to create and promote a value proposition likely to increase employees’ perceived value of the program.
References


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