

Learning as an Incentive

How Employers Leverage Partnerships with Colleges and Universities to Recruit and Retain Talent

Dr. Trent E. Kaufman
Daniel S. Groberg

Research Objectives

Introduction

Attracting, developing, and retaining employees across the organization has always been difficult; today, the improving economy (and shrinking unemployment rate) makes it one of the toughest challenges large companies face. It is not surprising, therefore, that the HR literature is chock-full of research to better understand the impact of various recruitment, engagement, and retention strategies.

In this paper, we dive deeply into one such HR strategy that (on its face) is not new. Creating a partnership with colleges and universities has long been understood as a strong option for employers who want to fully or partially outsource their professional development mandates. However, what is not well understood is the frequency with which employers use higher education as a workplace benefit with the explicit purpose to attract and retain top talent. And what's even lesser known is the impact of offering higher education as such a benefit.

Through the research we describe in this paper, we found that many organizations—especially larger ones and those that are most reliant on the specific skills and talents of their people—do in fact offer strong higher education benefits as a tool to recruit, develop, and retain strong employees. What's more, many of these organizations develop formal partnerships with specific colleges or universities to ensure tight alignment between the higher education offerings and the organization's most important needs.

While the purpose of this research was to quantify and define the use of higher education as a recruitment and retention tool, those interviewed for the study indicate that the impact of their partnerships with colleges and universities could be greater than previously estimated.

Research Methodology

To better understand the role of higher education in the workplace, Western Governors University (WGU) commissioned Cicero Group to conduct a robust national study focused on how companies use education as a tool for improved hiring, retention, and employee development. This report of that research illustrates and explains data gathered from 1,400 respondents and 30 interviews between March and May 2016. (See Appendix I for more information on the industries surveyed.)

We gathered data using both quantitative and qualitative research methods:

Quantitative Research: Cicero surveyed 1,400 organizations across a nationally representative set of industries. To ensure relevance of the insights gleaned from this survey, respondents were required to have significant decision-making authority over hiring or HR policy—particularly in relation to education benefits.

Qualitative Research: Cicero interviewed 30 professionals across a variety of industries. These professionals each played a significant hiring or HR role in their respective companies.

Research Findings

How do employers utilize higher education to recruit and manage talent?

EDUCATION AS A WORKPLACE BENEFIT

Organizations utilize a variety of creative education incentives to draw, maintain, and develop potential employees. In the survey we administered, we first tested the types of education benefits that respondents experienced. Among the subset of respondents

that reported offering any education benefit, we asked specific survey questions to understand what types of education benefits they offered.

As shown in Figure 1, tuition reimbursement is the most widespread education benefit offered by employers. Additionally, nearly half of employers (43 percent) offer flexible scheduling to accommodate the pursuit of a degree.

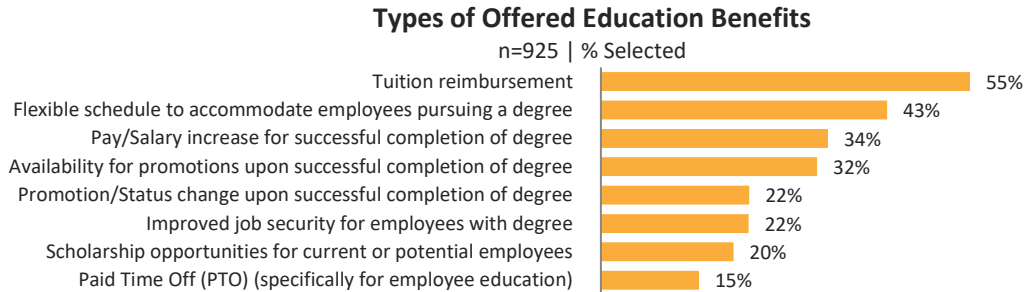


Figure 1: Which of the following education-related incentives/benefits does your organization offer for employees seeking a higher education degree?

To better understand the most prevalent of the education benefits—tuition reimbursement—we asked several questions about the details of the tuition reimbursement programs that were offered by respondents’ companies. One such question is summarized in Figure 2, where we display the finding that employers offered an average of \$3,566 per employee in annual higher-education reimbursement. We also show the variation in tuition reimbursement funding levels across different industries (warning: the sample sizes become quite small when the results are analyzed at the industry level). Appendix II includes additional information about tuition reimbursement benefits.

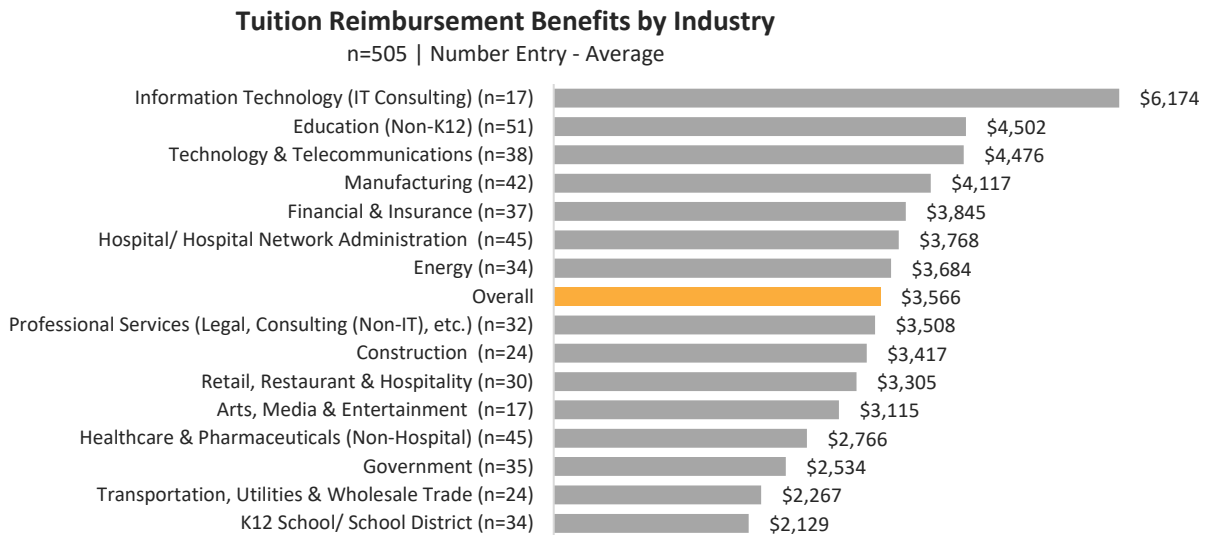


Figure 2: How much will your organization reimburse an employee per year (or on an annual basis)?

MOTIVATION FOR OFFERING EDUCATION BENEFITS

Employers who choose to offer education benefits are motivated by a variety of factors. Seeking to understand the relative importance of these factors, we designed a list of potential education benefit motivators. Pulling from our 30 in-depth-interviews, we created this list to test in the larger survey. Survey respondents could select as many motivations as were relevant.

As shown in Figure 3, approximately half of employers who provide education benefits do so to hire, retain, and develop their employees. Interestingly, these expected reasons for offering benefits (i.e., hiring, retaining, and developing) are not the most commonly indicated in this study. The top two reasons employers offer education-related benefits is to encourage a culture of

continuous learning and to improve the overall quality and output of employees. See Appendix III to see similar information broken down by specific industries.

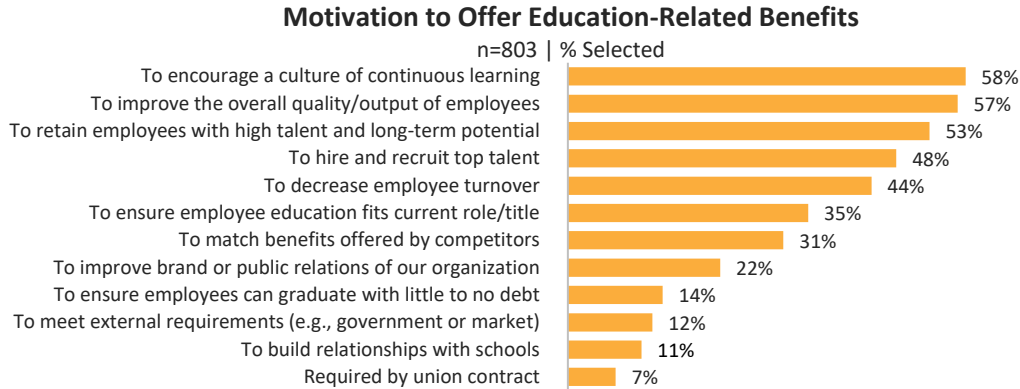


Figure 3: Why does your organization provide these education incentives to employees?

EMPLOYEES PURSUING DEGREES

Educational pursuits for employees are not always focused on obtaining a specific degree. Across our sample, employers claim that on average 21 percent of employees are currently pursuing a bachelor’s or master’s degree. As illustrated in Figure 4, there is wide variation in this number across industries. Technology, education, and healthcare are the three industries with the largest percentage of employees pursuing higher education degrees.

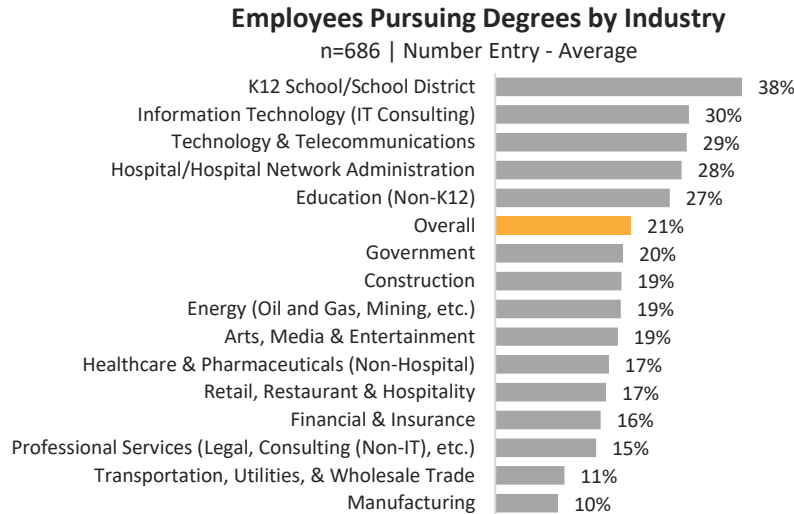


Figure 4: Approximately what percent of your employees are currently pursuing a bachelor’s or master’s degree?

COMMUNICATION OF EDUCATION BENEFITS

In our in-depth interviews, we discovered that many HR leaders believe that education benefits are under-communicated to employees, especially in comparison to other types of benefits. We therefore sought to understand the frequency with which organizations communicate education benefits to employees. The results of this survey question are displayed in Figure 5. Roughly half of employers believe they communicate education benefits to staff more than “occasionally.”

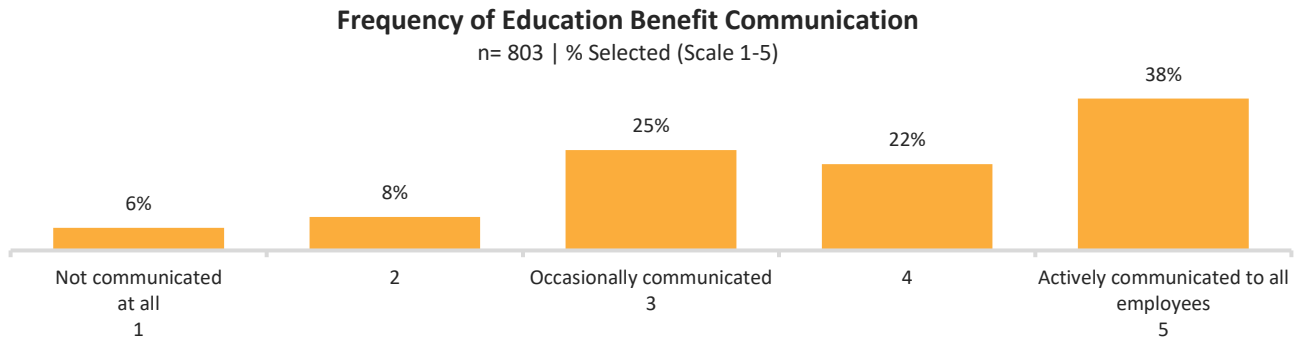


Figure 5: Please indicate the extent to which your organization’s education incentive program is communicated to employees.

How are Employers Partnering with Colleges and Universities?

WHAT ARE PARTNERSHIPS?

Our survey of 1,400 HR professionals revealed that many organizations seek to further enhance their educational benefit programs and their ability to recruit, retain, and develop employees by establishing partnerships with colleges and universities. Recognizing that a variety of relationships and connections are available between organizations and colleges or universities, we provided respondents with the following common definition of what generally constitutes an education-benefits partnership.

Partnership Definition: Any formal arrangement made between a corporation and an institution (or institutions) of higher education. This arrangement would include features that benefit the corporation and the institution of higher education.

As shown in Figure 6, forty percent of employers have partnerships with a college or university.

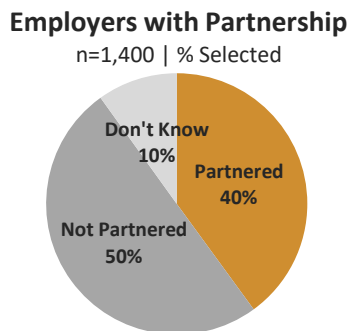


Figure 6: Has your organization ever had a partnership or special relationship with one or more institutions of higher education?

WHO ARE THESE ORGANIZATIONS & COLLEGES/UNIVERSITIES?

Seeking greater insight into who the parties were in these partnerships, we asked respondents a series of questions regarding their organization’s size, industry, and type of partnering college or university. As seen in Figure 7, larger organizations are more likely to have a partnership with a college or university.

Figure 8 shows that overall roughly 40 percent of organizations have current partnerships with a college/university, and that organizations from education and healthcare industries are more likely to have partnerships.

Partnership Status by Number of Organization Employees

n=1,261 | % selected

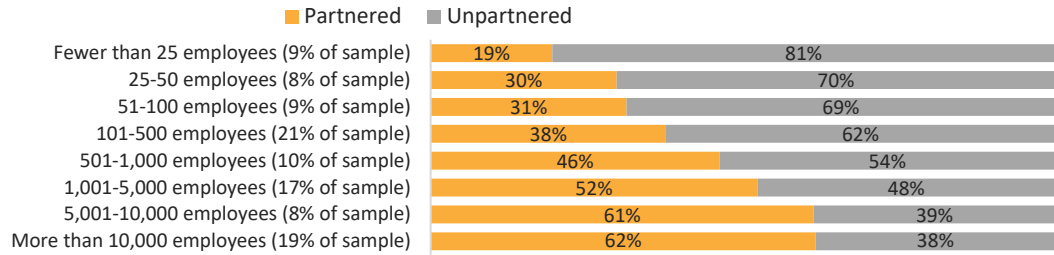


Figure 7: How many people does your organization employ?

Partnership Status by Industry

n=~93 each | % Selected

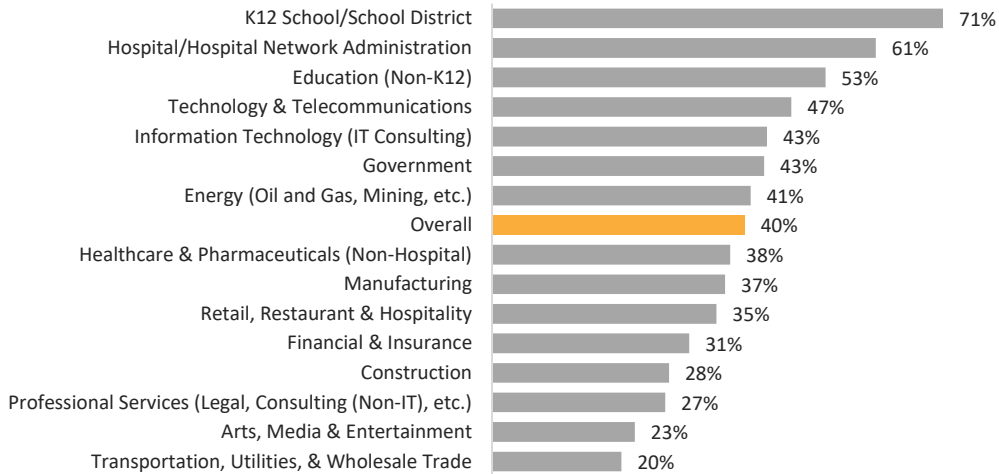


Figure 8: Has your organization ever had a partnership or special relationship with one or more institutions of higher education?

Partnerships vary not only across company type, but also across different types of colleges and universities. As shown in Figure 9, nearly 60 percent of employers currently have partnerships with public universities, whereas partnerships with private or other types of institutions are less likely.

Types of Partnered Institutions

n=559 | % Selected

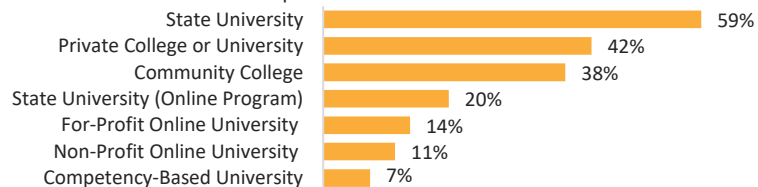


Figure 9: With which types of institutions have you had partnerships or special relationships?

PARTNERSHIP DRIVERS & CRITERIA

In addition to understanding the prevalence and type of college/university partnerships, professionals benefit from gaining greater insight into the actual reasons for partnership. As shown in Figure 10, nearly a third of organizations with partnerships credited their decision to partner as the need to recruit and retain employees. In addition, nearly one in five partnered

respondents chose the partnership because the degrees offered by the college/university fit the needs of the organization (both through collaboration and curriculum customization).



Figure 10: Please describe in no more than 50 words why your organization chose to partner with an institution of higher education (i.e., what was/is the goal of the relationship?).

After asking survey respondents with a current college/university partnership to describe their motivations to form the partnerships, we invited all respondents to design their ideal partnership (see Figure 11) in an open-ended survey format. Far and away, the top attributes organizations used to describe their ideal partnership center on opportunities to attract and prepare talent.

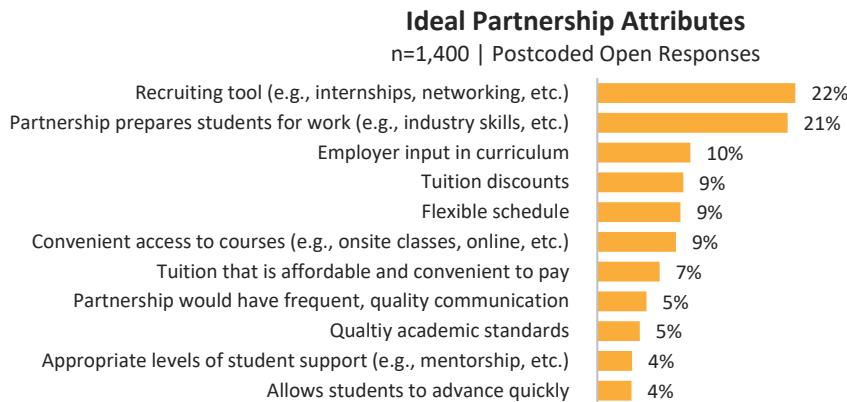


Figure 11: If you were designing the ideal partnership with a college/university, what would it look like?

As shown in Figure 12, employers indicate that they have a stronger likelihood of considering a partnership with a college or university that is local, state-endorsed, and competency-based. Please note, the high opinion of competency-based programs was likely influenced by the fact that respondents had been shown definitions explaining competency-based education prior to this question (see Appendix IV). The data also suggest that this high ranking is also likely representative of the high opinion employers tend to apply to competency-based education once they know what it is.

College/University Types for Which Organizations are Likely to Consider Partnership

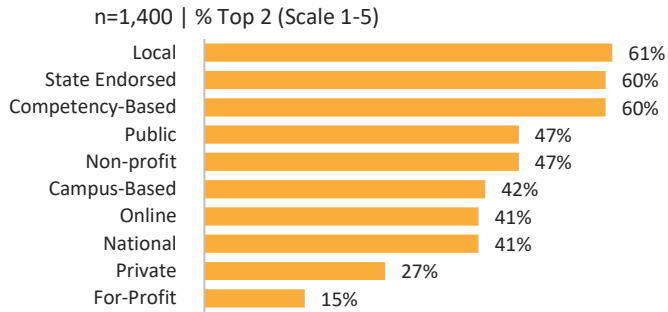


Figure 12: Please indicate the extent to which the following institution categories would influence your likelihood to consider a partnership with an institution of higher education.

To identify the relative importance that organizations place on various attributes in potential college/university partners, we utilized a conjoint survey method known as a *MaxDiff Analysis*. To gather data for this analysis, we presented respondents repeatedly with a random selection of five attributes from a predetermined list that was informed by our qualitative research. Each time this selection of five attributes was presented, the respondent was asked to indicate which attribute he or she would most and least prefer in a partnership with a college or university. The results of this line of questioning (as shown in Figure 13) indicate how frequently a specific attribute would be selected as most preferable when placed in a group with four other list options.

From this analysis, we see that accreditation and high academic standards are the most important attributes to organizations considering partnership with colleges/universities. In addition to this top tier of attributes, organizations want a partner that can help the organization fill difficult positions and provide industry-specific and organization-specific education/training. This finding falls in line with the previously-identified theme that education benefits are in place to draw, retain, and develop top talent.

Probability of Choice for Partner Attributes

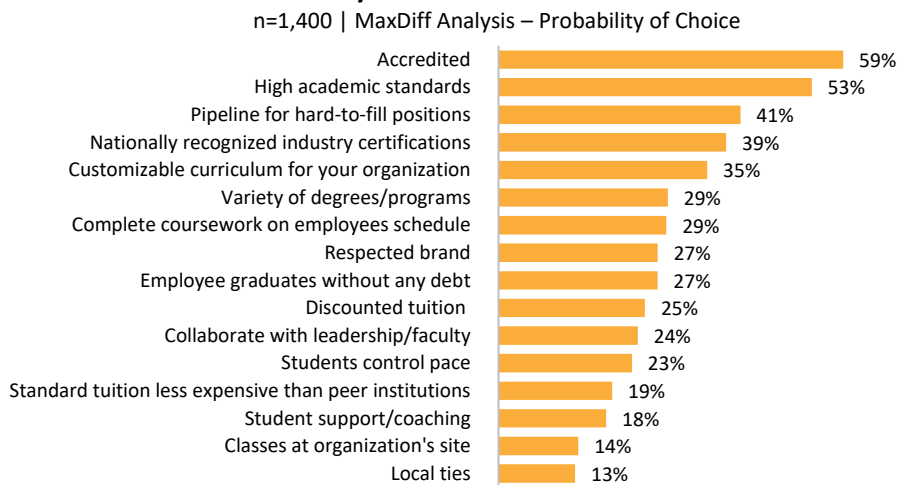


Figure 13: Please indicate the attribute that you would MOST prefer and the attribute that you would LEAST prefer in a potential partnership with an institution of higher education.

PARTNERSHIP EFFECTS

While further research is required to quantify the impact (both positive and negative) of partnerships between organizations and colleges/universities, the data are clear that partnered organizations tend to offer education benefits more often than do peer organizations without partnerships. While this makes sense intuitively—an organization that has committed time and resources to a higher education partnership will be more likely to encourage employees to enroll in higher education—it is important to note

that data backs up the intuition. Figure 14 and Figure 15 demonstrate the higher rates of enrollment and company reimbursement for partnered organizations.

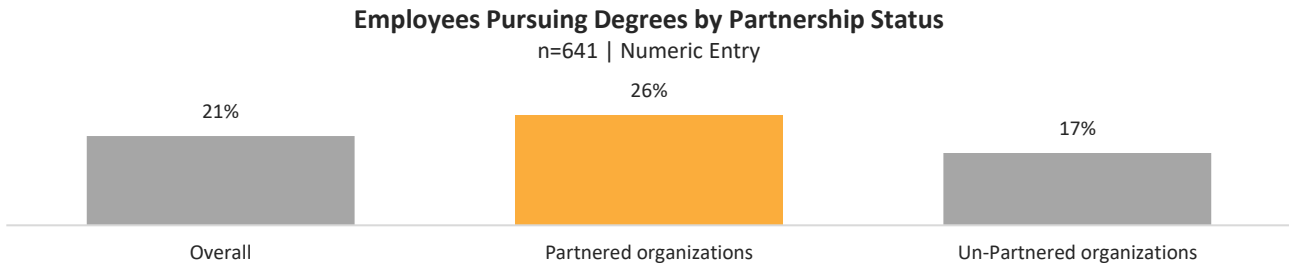


Figure 14: Approximately what percent of your employees are currently pursuing a bachelor’s or master’s degree?

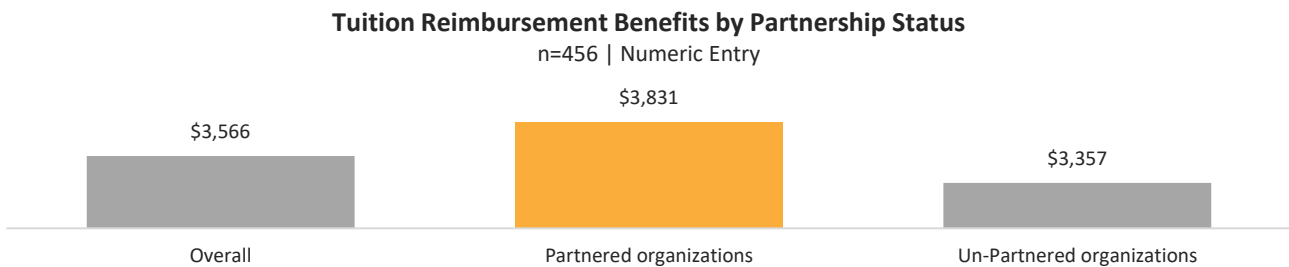


Figure 15: On average, how much will your organization reimburse an employee on an annual basis?

In addition to the results illustrated in Figure 14 and Figure 15, survey respondents anecdotally report improved hiring, retention, and employee development because of these partnerships. Consider these sample comments below:

“Our partnership brings more qualified personnel into our company. This ultimately benefits business development and our company’s growth in general. Therefore, it has been a very appealing and beneficial approach for us to follow.” – Healthcare & Pharmaceuticals (Non-Hospital)

“Forming this partnership allowed the organization to achieve the recognition of being employee-improvement focused. This status guarantees a stream of interns and applicants from which the organization is able to choose the best.” – Financial and Insurance

Conclusion

As noted in the beginning of this report, today’s improving economy (and shrinking unemployment rate) makes attracting, developing, and retaining employees one of the toughest challenges large companies face. To gain an advantage in this competitive landscape, many employers are turning to *learning* as an incentive.

Our research of this workplace-benefits strategy reveals that many organizations—especially larger ones—do in fact offer compelling higher education benefits as a tool to recruit, develop, and retain quality employees. Additionally, many of these organizations develop partnerships with colleges and universities to ensure accessibility of higher education offerings for their employees, as well as enable control over the relevance of education and training to the mission of the employing organization.

Appendix I

SOURCES

Unless otherwise indicated in the text, all data in this report came from a study conducted by Cicero Group as commissioned by Western Governors University from March to May in 2016. All interviews were conducted in person or over the telephone. The survey was administered over the internet to an online audience. To ensure relevance of the insights gleaned from this study, respondents were required to have significant decision-making authority over decisions to hire or HR policy—particularly in relation to education benefits. Industries sampled include the following:

- Arts, Media & Entertainment
- Construction
- Education (Non-K12)
- Energy (Oil and Gas, Mining, etc.)
- Financial & Insurance
- Government
- Healthcare & Pharmaceuticals (Non-hospital)
- Hospital/Hospital Network Administration
- Information Technology (IT Consulting)
- K12 School/School District
- Manufacturing
- Professional Services (Legal, Consulting (Non-IT), etc.)
- Retail, Restaurant & Hospitality
- Technology & Telecommunications
- Transportation, Utilities, & Wholesale Trade

Appendix II

EDUCATION BENEFIT MANAGEMENT SERVICES

A service we evaluated in both the qualitative and quantitative phases of this research is that of education benefit management. While a variety of firms exist that offer this service, it is still relatively unused and unknown (see Figure 16). Though we do not advocate using any specific service provider, organizations should know these services exist as a possible option to crafting education benefits that best meet the needs of employees.

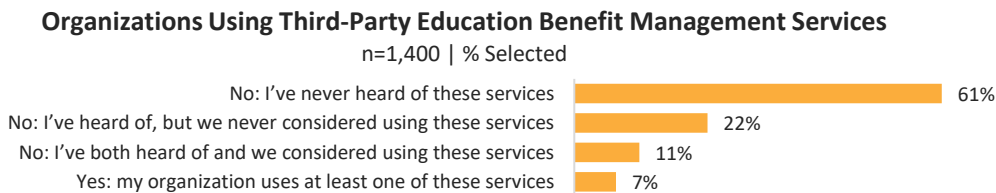


Figure 16: Do you partner with any third-party tuition benefit management services (e.g., EdAssist, Benstrat, Scholarship Management, Edcor, etc.)?

REIMBURSEMENT BENEFITS BY ORGANIZATION SIZE

From Figure 17, as can be expected, we see that the average amount employers are willing to reimburse on an annual basis per employee generally increases as the size of the organization increases

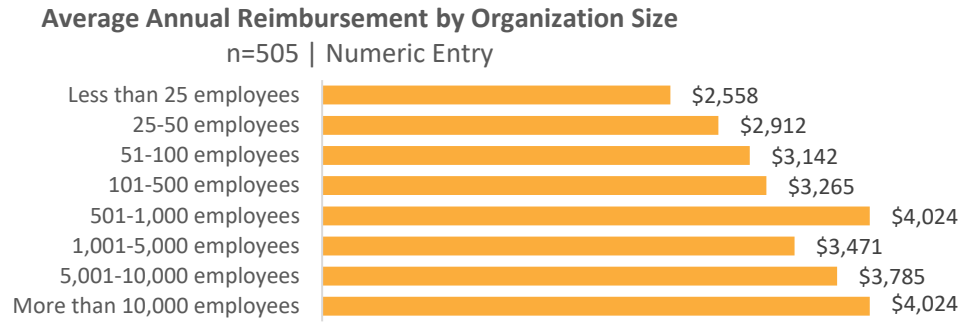


Figure 17: On average, how much will your organization reimburse an employee on an annual basis?

Appendix III

HOSPITAL & K12 UNIQUE MOTIVATOR

As an interesting side note, the interviews highlighted one concern that was further clarified in the survey: an imminent shortage of nurses and teachers in the K-12 and hospital industries (see Figure 18). This is likely a significant driver of education benefits in both sectors. Though this specifically applies to the K-12 and hospital industries, HR professionals in other sectors/industries would do well to keep a pulse on the availability of qualified potential employees in their market.

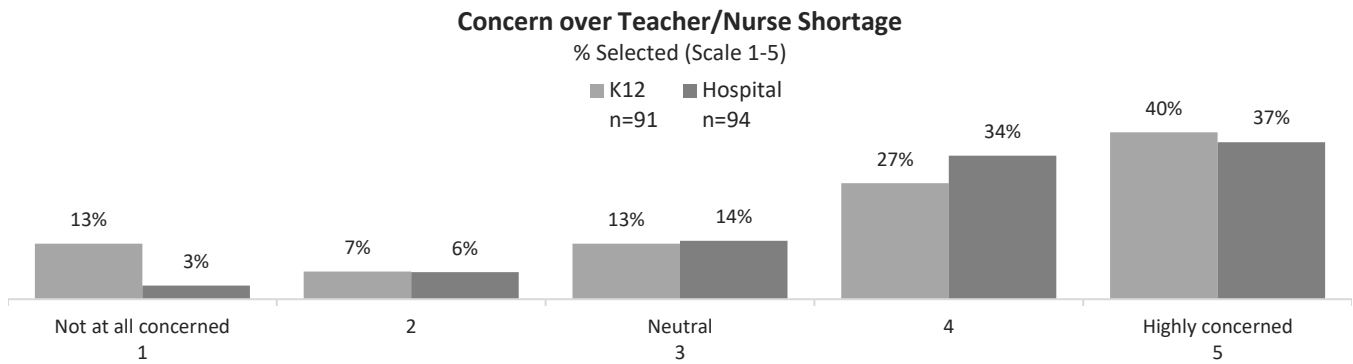


Figure 18: Is your school district/hospital/hospital network concerned at all regarding an impending teacher/nurse shortage?

Appendix IV

COMPETENCY-BASED EDUCATION/DEGREES

Though still relatively unfamiliar to a general business audience, competency-based education (CBE) is a teaching model centered on the objective mastery of skills, or competencies, rather than time spent in a classroom. While still a new approach, CBE is seen favorably by those familiar with its outcomes. For instance, the Center on Higher Education Reform recently noted the following:

“Overall employer awareness of CBE is low, despite expanding CBE efforts and increasing efforts to engage employers...[still], hiring managers already aware of CBE [have] a favorable view of the model and its graduates.”

Our findings reinforce what we’ve seen in the literature: CBE is still relatively unknown. In the interview portion of our research, we studied the group’s familiarity with CBE and discovered that only 15 percent of the respondents could describe CBE at a sufficient level to demonstrate understanding. Figure 19 catalogs survey responses regarding CBE: although 76 percent of participants indicate some level of familiarity with the concept of CBE, only 10 percent see themselves as “very familiar” with it.

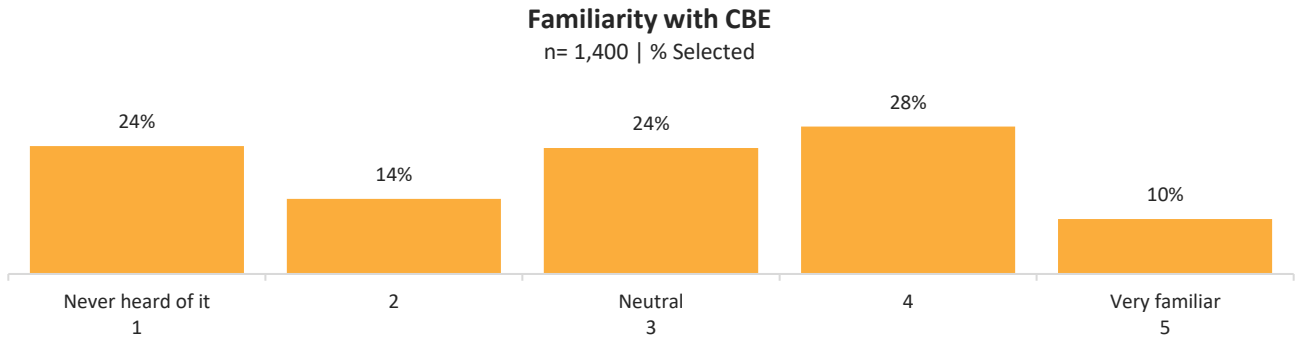


Figure 19: How familiar are you with the concept of competency-based education?

After testing employers’ familiarity with CBE, we sought further insight regarding employers’ favorability toward the teaching method. Recognizing the large disparity in employers’ understanding of CBE, we provided survey respondents with the following general definition of CBE, as well as this series of descriptions:

General Definition: Competency-based education is an educational model that requires students to prove or demonstrate competency in a relevant set of skills to pass each course and earn a degree.

Competency-Based Education Descriptions:

- Quick Movement & Focus on New Content – Student advancement through coursework is based exclusively on demonstration of competency.
- Industry Input & Career Readiness – Standards of competency for each skill are developed with industry input to ensure students are ready for their careers.
- Advancement Based on Competency – Competency is demonstrated through assessments (e.g., tests, papers, and assignments).
- Specific Demonstration of Competency – Students are able to move quickly through content that they already know so they can focus on the things they still need to learn.
- Potential Shorter Time to Graduation – Student-driven schedule and flat-rate tuition per term may result in lower costs for students.
- Potential Lower Cost for Students – Student-driven schedule may result in shorter times to graduation.

We then asked respondents to rank their favorability toward each description on a scale that ranged from “Negatively impacts my perception” to “Positively impacts my perception.” Figure 20 shows the percent of survey respondents that rank each description as a 4 or 5 (Top 2 for positivity).

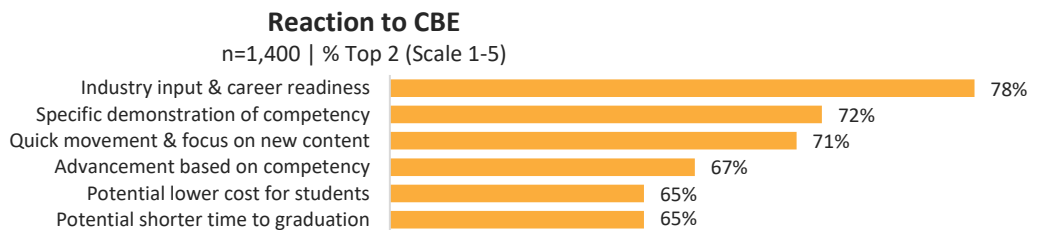


Figure 20: On the scale, please indicate the extent to which each description influences your perception of a degree from a college/university using a competency-based education model.

Across all six descriptions tested, over half of respondents indicate a very positive influence on their perception of CBE. In line with the educational background theme previously discussed, respondents react most positively toward industry input in CBE curriculum—ensuring student education is relevant to the industry in which they work (or may work).

Though further testing is required, this positive reaction to CBE may result in greater acceptance of CBE degrees and teaching methods in the near future.

Appendix V

HIRING AND RETENTION

The role of an employee’s educational background in hiring and promotion decisions was a major question posed to both our interview and survey groups. While most interviewees saw GPA as one of the most significant factors in their decision-making process, a variety of other characteristics are mentioned as important parts of the whole employee picture. For example:

“I’m looking at what they’ve done beyond [school] in the community, what their interest and hobbies are, if they tend to be self-starters and if they are very active in the community.” – Principal K12 School

“We want to see them getting real-world [industry-specific] experience.” – Energy Sector Recruiter

Based on educational characteristics identified by the interview group, we designed a list to quantitatively test the importance of various education characteristics in an employee’s hire-ability and promote-ability (see Figure 21). The score associated with each characteristic in Figure 21 is the percent of respondents who rank that characteristic at a 4 or 5 (Top 2) on the scale of importance.

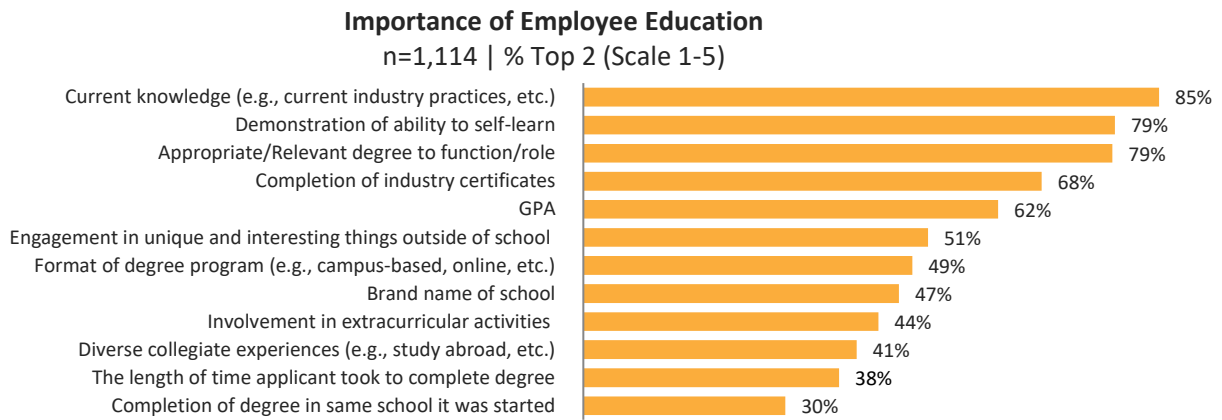


Figure 21: How important are each of these characteristics in your evaluation of an employee’s education?

From Figure 21, we see that even though GPA may have been a top-of-mind consideration during the initial phase of our research, several characteristics are more important to potential employers, including current knowledge, ability to self-learn, relevance of degree, and industry certificates.

A common theme among these top-ranked characteristics is their applicability or relevance of education/training to the job or industry for which the potential employee is interviewing. This does not necessarily diminish the importance of GPA as potential employers consider the educational background of employees—six out of ten respondents see GPA as very important. Still, these findings directly emphasize organizations’ needs for employees with applicable and relevant knowledge.

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ⁱ Franklin, C., & Lytle, R. (2015). *Employer Perspectives on Competency-Based Education*. Center on Higher Education Reform: American Enterprise Institute. Retrieved from <https://www.aei.org/wp-content/uploads/2015/04/Employer-Perspectives-on-Competency-Based-Education.pdf>