

STAP

Why do employees pursue employer sponsored general skills training at the School of Humanities and Sciences, Stanford University?

Case Study, PA 706

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Introduction

Most of the research conducted on employer sponsored general skills training seems to focus on the employer side of the equation. Researchers define their arguments around Becker's theories on human capital [1962] and prefer to ask questions concerning why employers offer general skills training, what benefits in terms of productivity and retention can they reap, and how pervasive employer sponsored training (both general and specific) is across industries.

No one seems concerned as to what employees think they gain from employer sponsored general skills training or why, if at all, they would pursue it. Part of the problem is there is no such data, "not even any individual-level data on the use of tuition assistance" and what we do have concerns itself solely with employers [Cappelli 2004]. A few studies have noted, as an aside with little evidence, that employees who engage in tuition reimbursement programs obtain increases in their wage, promotions, and easier job shifts once their degrees are complete [Blundel, Dearden, Meghir, Sianesi 1999; Krueger, Rouse 1998; Loewenstein, Spletzer 1999, 1998]. Most assume, implicitly, that workers who engage in general skills training do so for the sole purpose of increasing their marketability for future employment [Bagshaw 1996, 1997; Benson 2003; Loewenstein, Spletzer 1999; Lynch, Black 1998; Meisle 2004].

However, while most research is focused on the employers and costs, no one seems to have noticed the low rate of employee involvement in these programs. The largest number amongst these studies (of which few even give numbers) cited 18% of an observed employee population receiving training¹—which included both general and specific skills training. Later studies quote high enrollment numbers in continuing degree programs paid for by employers [Meisler 2004], but fail to offer what percentage of total employees these numbers represent.

The number of employees enrolling in tuition reimbursement or general skills training programs seems very low despite the fact that many firms offer expansive programs for their staff [Frazis, Harley 1995]. When "9 in 10 employees work in establishments that provide some kind of formal training," [Frazis, Harley 1995] no one has thought to question why enrollment in these programs is so low, particularly given the types of benefits these studies claim an employee can hope to reap [Krueger, Rouse 1998; Loewenstein, Spletzer 1998, 1999].

Given this gap in research, it is worth exploring the issue of employer sponsored general skills training from the employee side of the equation. As a beginning point, this paper offers a case study that examines an employer-sponsored program available at Stanford University.

Stanford offers two types of employer sponsored general skills training programs: Stanford Tuition Reimbursement Program (STRP) and Stanford Tuition Assistance Program (STAP). STRP offers a classic tuition reimbursement program with a \$5,200 cap per year for accredited higher education degrees (AA, BA, BS, MA, MS, PhD). STAP covers general skills training or materials costs for courses, seminars, conferences, etc. that can be considered work related with a cap of \$800 per year. The parameters for 'work related' are quite broad and can even cover yoga classes. This project will focus on the STAP, general skills training program.

¹ Loewenstein and Spletzer [1999] use data from a NLSY survey from 1993 with a sample of 4,814 individuals.

Literature Review

Employer sponsored training programs have become quite common in the private sector. Recent studies show as many as 87% of employers offer some form of formal training to their employees [Lynch 1998]. In addition, the majority of these costs are borne by the employers rather than their workers. In an attempt to understand this trend and the benefits behind the variety of training programs offered by employers, researchers have focused mainly on the employer side of the equation.

Types of Employer Sponsored Training: General V Specific

Employer sponsored training can take on many forms, but most studies focus on employer sponsored formal training programs, rather than informal on the job training. Formal training is defined as any training that is planned in advance and has a defined curriculum; topics include orientation training, safety and health training, apprenticeships training, basic skills training, workplace practices training, and job skills training [Frazis, Harley 1995]. The main distinction within formal training seems to rest between specific skills training and general skills training.

Specific skills are those taught by an employer so that a worker can perform her current job; these skills cannot be transferred to another position and sometimes make an employee less marketable by pigeonholing her into a specific industry [Garcia, Arkes, Trost 2002; Feuer, Glick, Desai 1987; Frazis, Harley 1995]. Although general skills training may increase a worker's productivity on her current job, for training to be considered general, "alternative employers must in fact recognize that a worker's training at a previous employer raises [her] productivity elsewhere" [Loewenstein, Spletzer 1999].

For ease of discussion in this review, the category general skills training encompasses conferences, seminars, workshops, classes, held on employer premises and off, tuition reimbursement programs and the like that are deemed 'general' rather than 'specific' by the researchers conducting these studies.

Human Capital Theory Applied

Despite its 1962 publication date, Becker's theories on human capital offer one of the most cited pieces in the literature concerning tuition reimbursement and employee training programs. Becker defines human capital as "activities that influence future real income through the embedding of resources in people" (9). Human capital theory considers workers to be another part of the means of production in an economic equation, like machinery or factory space [Becker 1962]. Any money spent on them to develop their general skills or make them happy (like vacation time, health benefits, training, etc.) is considered an investment in capital used towards production.

By assessing training and employees in terms of economic market forces, Becker determines that workers who receive on the job training in any form pay for the investment through lower wages. Employers only cover costs of the least transferable, most specific types of training as employees are unwilling to bear the lower wage involved in gaining skills that increase productivity and profits only for their employers. Successful firms would never be willing to cover the costs of general training, as they would not (exclusively) reap the rewards of training their staff.

Therefore, any general skills training costs incurred by an employer should be offset by a decrease in wage for the staff receiving training. He theorizes that employees are willing to pay this cost, in terms of lower wages for their labor, because the training promises higher future earnings. He further surmises that if employers went against their interests by covering the costs of general training they would lose out by attracting too many trainee level people and would lose few employees during the training period—resulting in higher labor costs. Only through sharing the cost of training (with staff) can an employer retain their employees past the training period and cover the cost of said training.

This 1962 claim regarding the parameters for human capital investment sparked a myriad of studies beginning in the late 1980's through today. Every study considered in this review begins with a refutation of Becker's theories concerning the market forces surrounding employer sponsored general and specific training. Contrary to Becker, firms almost always pay for general training while continuing to pay their employees market wages, and in fact reap rewards that Becker never even conceived in his original paper [Acemoglu, Pischke 1998; Barron, Berger, Black 1999; Bartel 1994, 2000; Cappelli 2004; Feuer, Glick, Desai 1987; Lowenstein, Spletzer 1998; Lynch, Black 1998].

All the data collected thus far points in the opposite direction of Becker's theories, including his hypotheses of lower wages, no general training by firms, and attracting trainee level employees. Becker's findings may have been true for the time period he covers, but during the explosion of general training benefits in the late 80's and the subsequent studies in the late 90's, his findings have become outdated.

This literature review will focus mainly on general skills training programs and their accompanying studies as most agree, an employer paying for specific skills training is considered a good investment in human capital [Acemoglu, Pishke 1998; Bartel 1994; Cappelli 2004; Feuer, Glick, Desai 1987]. Despite Becker's analysis, with the change in work environment, it has been shown that general skills training is yet another good investment in human capital.

Shift in Thinking: Training=Loyalty

While employers continue to expect their employees to work hard, the expectation of job security has all but disappeared [Bagshaw 1997]. With the dissolution of the original employment contract where, in exchange for employee loyalty, "firms offered a credible promise of long-term employment," employers needed to find a new way to win employee loyalty and thereby recreate the collaborative environment lost in the days of layoff, downsizing and mergers [Bagshaw 1996, 1997; Benson 2003]. In many respects, this is a welcome change, according to Michael Bagshaw, as a dynamic workforce is one that is unwilling to be tied to one employment situation and instead seeks opportunities to develop fully and spread their influence in many directions [1996].

One way for firms to recreate a commitment to workers is through employer sponsored general skills training; as this type of skills development has a positive effect on how staff feels about their firms [Bagshaw 1996; Feuer, Glick, Desai 1987]. Additionally, in order to attract the new dynamic workers, employers must offer a high standard of training and development; instead of job security, employers offer their workers inner security for employability so employees know they can take care of themselves [Bagshaw 1996, 1997; Cappelli 2004]. Employees that know they are gaining new skills are less alarmed by the thought of losing their current job and give more freely of themselves in their work environment [Bagshaw 1997].

As both employer and employee know this work contract between them is temporary, they can agree to value another sort of investment relationship [Bagshaw 1996; Benson 2003]. If an employer is willing to spend money to train an employee for the next job (or even to improve their performance on this job), an employer is able to create an environment of trust in even the most volatile markets. An employee feels making an investment in this job will pay off in her future career.

In fact, through this mutual commitment, general skills training can help reduce turnover, not increase it as initially suspected by Becker [Acemoglu, Pishke 1998; Feuer, Glick, Desai 1987]. While this Polyanna-like view of the employer-employee relationship may sound far-fetched, many employers do view tuition reimbursement programs as a benefit to assist with staff retention or recruitment [Benson, Finegold, Mohrman 2004; Cappelli 2004; Meisler 2004].

Benefits to Employers

Higher Employee-Retention

General skills training was not considered a retention tool initially. Some studies showed that employees tend to use general skill training programs, like tuition reimbursement, as a way to increase their marketability in order to eventually leave their current employer [Benson, 2003; Bretz, Boudreau, Judge 1994]. The only employees who seem to buck the turnover trend were in highly specialized fields that required periodic skill-updating [Benson, Finegold, Mohrman 2004; Feuer, Glick, Desai 1987].

Given the possibility of turnover, these general skills programs seemed like a losing investment because firms paid market wages for their staff while also covering the additional costs for training. Subsequent studies showing that employees with general skills acquired at the expense of a prior employer tend to have higher productivity levels, require less training, and receive more pay, seemed to reinforce this view [Black, Lynch 1996; Lowenstein, 1998]. However, these studies failed to look at tenure or the duration of employment for workers enrolled in training programs versus workers not utilizing these programs.

Despite the fact that employees tend to leave their employer once they complete their higher education degrees (with the exception of employees who receive promotions soon after achieving their degrees) [Benson 2003; Benson, Finegold, Mohrman 2004], these plans do seem to increase tenure or duration of employment [Acemoglu, Pishke 1998; Cappelli 2004; Garcia, Arkes, Trost 2002]. As often employees take years to complete their training, they end up working for their employers for longer than their counterparts who don't partake in these general skills programs [Cappelli, 2004].

Peter Cappelli establishes in his 2004 study that employer provided tuition assistance is the most common form of financial aid for post-secondary education. Tuition reimbursement programs are the most ubiquitous form of general skills program and they often increase an employee's tenure in a company by as many as 8 years [Cappelli, 2004]. This is because most employers create small obstacles to using tuition reimbursement: workers need to be employed for a year, work full-time, and have managerial approval to obtain tuition reimbursement funds. The funds themselves may only cover 50% of tuition rates. Given that full-time employment can exceed 40 hours a week, a 2 years Masters program can take 4-6 years.

Higher Quality Employees

In addition to retaining employees for longer, tuition reimbursement and general skills training programs attract stronger candidates during the recruiting process [Cappelli 2004; Feuer,

Glick, Desai 1987; Garcia, Arkes, Trost 2002]. Employees who participate in voluntary skills training programs tend to be more highly motivated, innovative, and skilled [Benson 2003; Cappelli 2004; Krueger, Rouse 1998]. These are candidates who are ripe for internal promotions and typically are more productive [Feuer, Glick, Desai 1987; Krueger, Rouse 1998].

Some studies claim that these higher quality candidates are not obvious to competitor firms, allowing hiring firms to pay these new, highly motivated employees the prevailing wage despite their potential for higher productivity [Acemoglu, Pischke 1998; Autor, 2001]. This discrepancy in expense, where higher producing employees are underpaid for their work, can be used to cover costs of general skills training programs.

Counter to this theory, other studies have shown firms that offer various skills training programs also tend to pay their employees higher than the going rate. These studies claim that with the prevalence of studies on employer sponsored general skills training benefits, competitor firms may have bought in to the view of these programs as effective recruitment techniques [Cappelli 2004].

Higher Productivity Rates

Various studies have shown that training, both general and specific, has a positive impact on productivity [Bartel, 1994; Black, 1996; Blundell, Dearden, Meghir, Sianesi 1999; Garcia, Arkes, Trost 2002]. However, training itself has a mixed effect with current on the job training lowering productivity while completed training or off-the-job training raising it [Black, Lynch 1996]. Average education level of a firm has a positive and significant effect on productivity in both manufacturing and non-manufacturing sectors [Black, Lynch 1996], so it behooves employers to either hire trained staff or supply training to them.

Many studies also found productivity increased far more dramatically than wage after incidences of general skills training [Blundell, Dearden, Meghir, Sianesi 1999; Loewenstein, 1998]. But, none could establish a relationship between increased productivity and increased profit [Bartel 1994; Blundell, Dearden, Meghir, Sianesi 1999; Lynch, Black 1998].

Most employers and employees agree the on the job training they receive is general and transferable to other positions. In fact, not only do other firms recognize this training, they often substitute it for their own training programs and prefer to hire employees with previous training and experience [Barron, Berger, Black 1999; Loewenstein, Spletzer 1998]. One study demonstrated that previous on-the-job training has a more lasting positive impact on productivity over time [Blundell, Dearden, Meghir, Sianesi 1999]. Despite the increased marketability of staff at the expense of their employers, firms continue to offer general training because they too reap the rewards in greater productivity; and, given the costs of finding and hiring staff, one study claims everyone ends up sharing in the costs of training [Bartel 1994; Loewenstein, Spletzer 1999].

Benefits to Employees

Few studies have focused on the employee side of the equation when considering the tradeoff of personal time versus future benefits. Many claim employees involved in firm sponsored general skills programs have increased wages, higher productivity, and achieve more promotions [Acemoglu, Pishke 1999; Blundel, Dearden, Meghir, Sianesi 1999; Krueger, Rouse 1998]. One study further asserts that employer sponsored training has the longest lasting positive effect on wage [Blundell, Dearden, Meghir, Sianesi 1999].

However, there has been little evidence to support the claim of increased wages or promotability. While it is true, education does offer increased job opportunities and wages [Blundell, Dearden, Meghir, Sianesi 1999], it doesn't follow that employer sponsored general skills training has the same affect. One study did find that higher wages seem to be associated with the incidence of these training programs, but was unable to establish a causal relationship [Cappelli 2004].

In addition to a lack of data on future benefits to employees involved in these programs, there is little done on other benefits employees derive from these programs. Only one survey questioned workers further to report that workplace education improved worker's self-esteem, family lives and work confidence, as well as satisfaction with their employers [Garcia, Arkes, Trost 2002].

With their focus squarely on employers, most studies assume employees pursue firm sponsored general skills training programs to increase their wages and promotion opportunities without exploring the issue further.

Counter Arguments: What these Studies Miss

How much tracking takes place?

Despite the results of these various studies on return to employers and employees regarding tuition reimbursement, Eduventures, a private research and consulting firm in Boston, estimates over \$10 billion was paid out in tuition reimbursements in 2003 with only 2% of employers actually tracking the educational progress of their employees [Meisler 2004]. Ambitious or recession spooked employees have driven enrollment in for profit schools making it quadruple from 114,129 in 1992 to 397,675 in 2002 [Meisler 2004]. While these enrollment numbers look high, it is difficult to establish what percentage of total employment they represent.

Despite the fact that employers are spending millions on their employee's continuing education, no one within these firms seems to be tracking how effective these general skills degrees are for their subsidizers or even for their employees; and only 45% reported a 'fair amount' or 'not very good' control over the distribution of tuition-reimbursement funds [Meisler 2004].

In most midsize and large companies, internal training and development is viewed as a strategic imperative while tuition reimbursement is seen as a miscellaneous employee benefit with little return on investment expected [Meisler 200]. Tracking of costs is a problem because most employers are not geared up to measure training costs, general or specific, because there are no clear, agreed upon accounting principals for determining these costs, especially when considering indirect ones such as losses or gains in productivity [Lynch, Black 1998].

This lack of accounting practices for tracking costs and profits associated with firms sponsored general skills training programs puts many aspect of prior research into doubt—is the increase in productivity (which has its own discrepancies in data) really paying off in profits? Additionally, these employer focused studies have had a notoriously low response rate [Lynch, Black 1998]—are only the firms offering these programs responding to requests for data?

Who is getting trained?

Most of the survey data obtained by researchers indicates that general skills training makes a positive and significant impact on employee wages, but not all workers typically get training [Lynch, Black 1998]. In fact, training is typically offered to already highly educated workers, at the managerial or professional level, in larger firms that pursue high performance work systems

[Cappelli 2004; Lynch, Black 1998]. Larger, non durable goods manufacturers that offer more benefits and utilize more progressive workplace practices are more likely to offer general skills training programs than any other type of firm [Frazis, Harley 1995; Lynch, Black 1998].

While most employers and employees agree the majority of employer sponsored training is general and transferable [Loewenstein, Spletzer 1999] and most employers claim to offer formal training [Frazis, Harley, 1995; Lynch, Black 1998], one study showed less than half offered training which had obvious components that are portable to other employment situations—like computer skills training, teamwork training or tuition reimbursement [Lynch, Black 1998]. Only slightly more than a quarter offered basic education training [Lynch, Black 1998]. This indicates that employees without basic education skills cannot expect to get them on the job and will probably end up in a cycle of low human capital positions with no future higher wages.

Do firms select higher producing staff for general skills training?

While many studies correlated higher productivity or better qualified staff with firms sponsored general skills training, one may argue that firms only select highly qualified and high productivity staff for training [Feuer, Glick, Desai 1987]. If firms consider these programs an investment in human capital, they may be more selective than these studies imply, which undercuts the causal relationship between wages, promotions, productivity and firm sponsored programs.

How effective is training really?

Not all studies assume or prove the value of employer sponsored general skills training for employees. In contrast to earlier studies that claim job training has a positive impact on productivity and wages, one study conducted by Alan Krueger and Cecilia Rouse [1998] found no such correlation. The results of the study are from one training program geared toward low-skilled, hourly workers, who, as a group, traditionally experience extremely low or negative real wage growth in the US.

When controlling for age and tenure, upon examining a general skills training program geared at service and manufacturing industry employees, their study found no significant impact on wage (for the service industry employees) at worst to a slight increase in wages (for the manufacturing sector employees) at best, as well as a somewhat higher rate of promotion. However, the study didn't seem to control well for the possibility that more motivated employees would pursue the training program as well as higher wages/better positions which could well eliminate a causal relationship between training and wages/promotion. While the group is more homogenous and deals with the same labor market conditions, it's not clear that these results can be applied to other industries.

More Missing Pieces

As illustrated by this review, the majority of research on employer sponsored general skills training focuses on the employer. These studies explore issues around productivity, retention, and quality of employees. However, most fail to address the issue of cost versus profit as a result of these programs and few touch on the true value of involvement in these programs for employees in their careers. Of the studies reviewed, only two mention percentage of employees involved in these programs [Lynch, Black 1998; Loewenstein, Spletzer 1999] and only one surveys employees on their impressions and attitudes concerning these programs [Garcia, Arkes, Trost 2002].

Employee attitudes and enrollment are an important missing piece of this research on firm sponsored general skills programs. Whether employers offer these programs as a benefit or an aid to productivity, it is useful and necessary to know of their employees perceptions of these programs match up. For example, if employees don't perceive these programs as loyalty inducing benefits, how much can they aid with retention? If employees aren't enrolling in these programs, how efficient are they in recruiting higher quality candidates?

The Project

As an initial step into this branch of inquiry, this study analyzes an employee-focused survey that delves into the topic of employee use and attitudes concerning an employer sponsored general skills training program. While the rather more complex question of wage growth, increased tenure/retention, and promotion opportunities as a result of involvement in these programs is interesting as well, it is a question that requires more complex measures and employer as wells as employee involvement over several years, well beyond the scope of the current time frame of this project.

Hypothesis

The case study for this project focuses on staff at the School of Humanities and Sciences (H&S) through an employee survey with questions concerning STAP at Stanford University. With its \$800 per year spending cap and broad range of options for its funds, it should be easy for staff to engage in this program making it an ideal focus for questions on employee sponsored general skills training.

At the start of this project, informal interviews revealed a perception both amongst staff within H&S and at the Office of Training and Development (that hosts STAP) that few staff across the university utilize the funds of this program; the ones that do use it consider it a staff benefit, contrary to established research that claims employees view general skills training as a way to gain skills to increase their earnings potential or promotability [Bagshaw 1996, 1997; Becker 1962]. Given the research findings by Black and Lynch [1998], managers and exempt employees with higher education degrees are more likely to use this program than non-managers and non-exempt staff without degrees.

Methodology

This study on STAP at Stanford offers a case study concerning employee use and attitudes on employer sponsored general skills training funds. As it presents a qualitative first step in analyzing the issue from the employee side, the majority of the data will be obtained through a survey of employees who work for H&S. It follows a cross-sectional design allowing the data to come from a number of employees at differing levels, but all at one point in time. This allows for data collection on both attitudes and behavior concerning employer sponsored general skills training or at Stanford University, STAP. The nature of the time constraints won't allow a longitudinal study that would allow for tracking how often employees use this program over time, which would make for a more in-depth study. Given the nature of the cross-sectional design, this study does not attempt to structure causal relations between variables at this time.

Due to time constraints and the long-standing establishment of the program, this study does not follow a classical experimental design as it impossible to perform a pre-test, nor can employees be randomly assigned to use STAP funds or the like. Nor does it fall under a

randomized-post-test design, for reasons similar to the above. As most employees are able to partake in STAP, it is hard to create a good testing environment. Instead, this is a quasi-experimental design as there are no baseline (pre-test) comparisons, nor is it fully randomized. As this study isn't randomized it is hard, if not impossible, to draw general conclusions about the results due to threats to external validity. However, as a first step toward re-assessing this topic from the employee-side, a case study is a good way to start.

Sample

The study uses a non-probability sample, as it is exploratory research that can be used to generate a hypothesis, which will be tested more fully by further studies. It is a convenience sample based mainly in H&S. While at least 200 employees would have been ideal to yield a confidence range of 7 on a 50/50 split, only 98 employees returned responses to this survey. Out of a rough estimate of 650 employees (H&S human resources could not offer more accurate numbers), this is a 15% return rate. However, as the issue of employee use and attitudes does not seem to be controversial or divisive and more people tend to agree with each other, 98 is a good number for analysis.

Survey Design & Dissemination

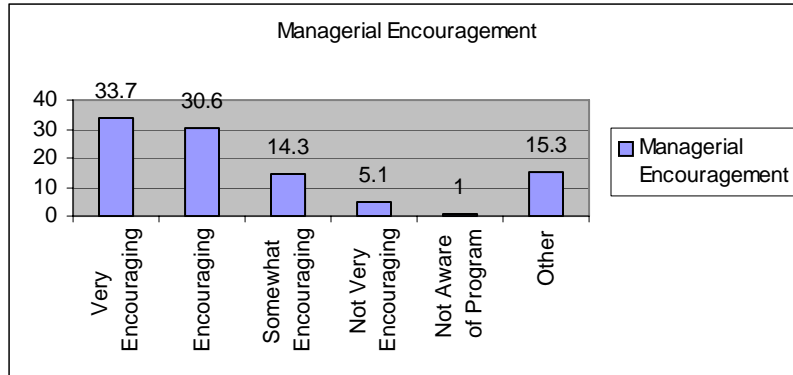
After looking at a number of online survey formats, the survey for this study used www.surveymonkey.com to create an online survey. According to a technology expert in the Dean's Office, the H&S conducted a survey using this program and got a 100% return rate. Despite the fact that this survey did not have the authority of the dean's office behind it, as most staff spend their days in front of a computer using email and web search applications, the return rate from an online survey will be much higher than one from a paper survey. It is also a cheaper option. Appendix A furnishes a copy of the study's online survey. It attempted to integrate concepts and ideas from *Survey Research Methods* and *Research Methods for Public Administrators*.

As H&S does not have a central email list for all its staff, the link to the survey as well as an explanation of the project was emailed to all H&S program and department managers. In the email they were asked to take the survey themselves and forward the original email onto their staff. This method was used by the Dean's Office in the past to great effect (their 100% response rate). As this project does not have the authority of the Dean's Office, the response rate was far lower at 15% (or 98 responses out of a possible pool of 650).

Data Returns & Analysis: Use

Within a response pool of 98 employees from H&S, 99% claimed to have an awareness of STAP with 36.7% having knowledge of all the types of classes and materials the funds cover, 59.2% knowing some of what the funds cover and only 4.1% without any knowledge of what STAP funds cover. It is surprising that 99% of respondents know about STAP and 95.9% know at least some of the types of resources it covers. Clearly this is a highly knowledgeable subset of the population and they may give higher than normal usage results because of it.

When asked if they were encouraged by their managers to use STAP 78.6% responded in the affirmative (with 33.7% saying their managers were very encouraging) and only 5.1% claimed their managers were not encouraging.

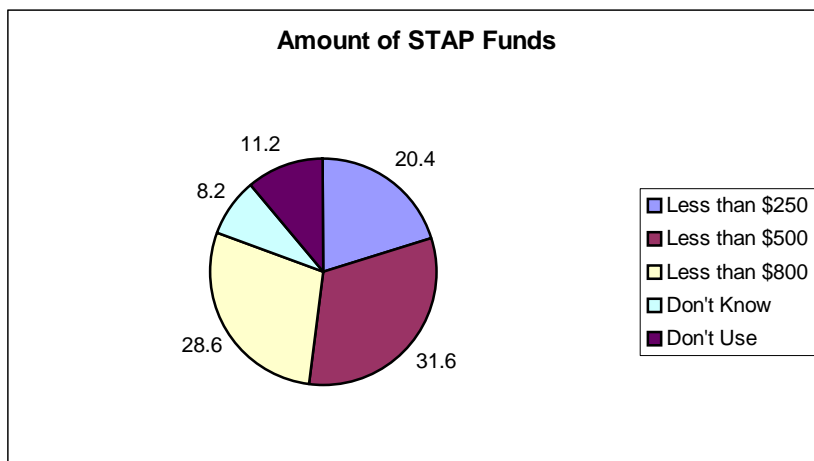


There were 15 ‘other’ responses to this question of managerial support and they ranged from admitting to being a manager, having a faculty member who did not perform classic managerial duties as a boss, or that it is not a topic that comes up in conversation.

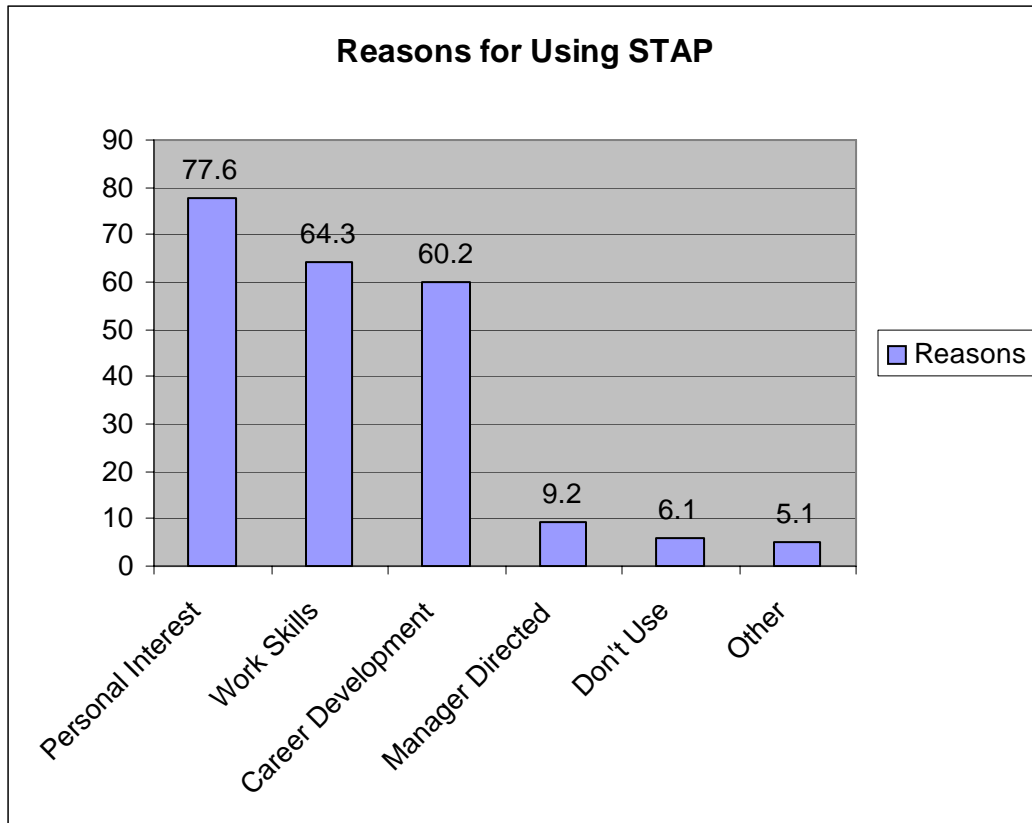
The positive response concerning managerial support is suspect as 38.8% of respondents are managers themselves. Additionally, given that the majority of respondents seem so knowledgeable about the program, it is possible that they are an unusually motivated group that work closely with their managers to utilize STAP to its fullest.

When asked if they use STAP funds, 89.8% claimed to either use it yearly (35.7%) or at some point in the past (54.1%) with 10.2% never having used it. Again, as this group of respondents has an unusually high awareness of the program, it’s not surprising that so many have used it as this seems like a highly motivated subset of the H&S population. Asked why they don’t use STAP, 24.5% said they don’t have time during the workday, 7.1% said it doesn’t cover classes or materials they would like to use it to pay for, 1.0 had no awareness of the program and 11.2% responded other. There were 10 ‘other’ responses that reiterated the problem of time during the work day and one response that there were no other classes left for him/her to take. With such a high level of manager support (78.6%), it’s surprising that 24.5% of employees are not able to make time in their workday for using STAP.

Out of the \$800 available for staff use, 28.6% claimed to use the entire amount with 20.4% using less than \$250 and 31.6% using less than \$500. The remaining respondents either claimed to not know how much they used (8.2%) or that they don’t use the program at all (11.2%). Meaning, 88.8% of respondents claimed to use STAP funds.

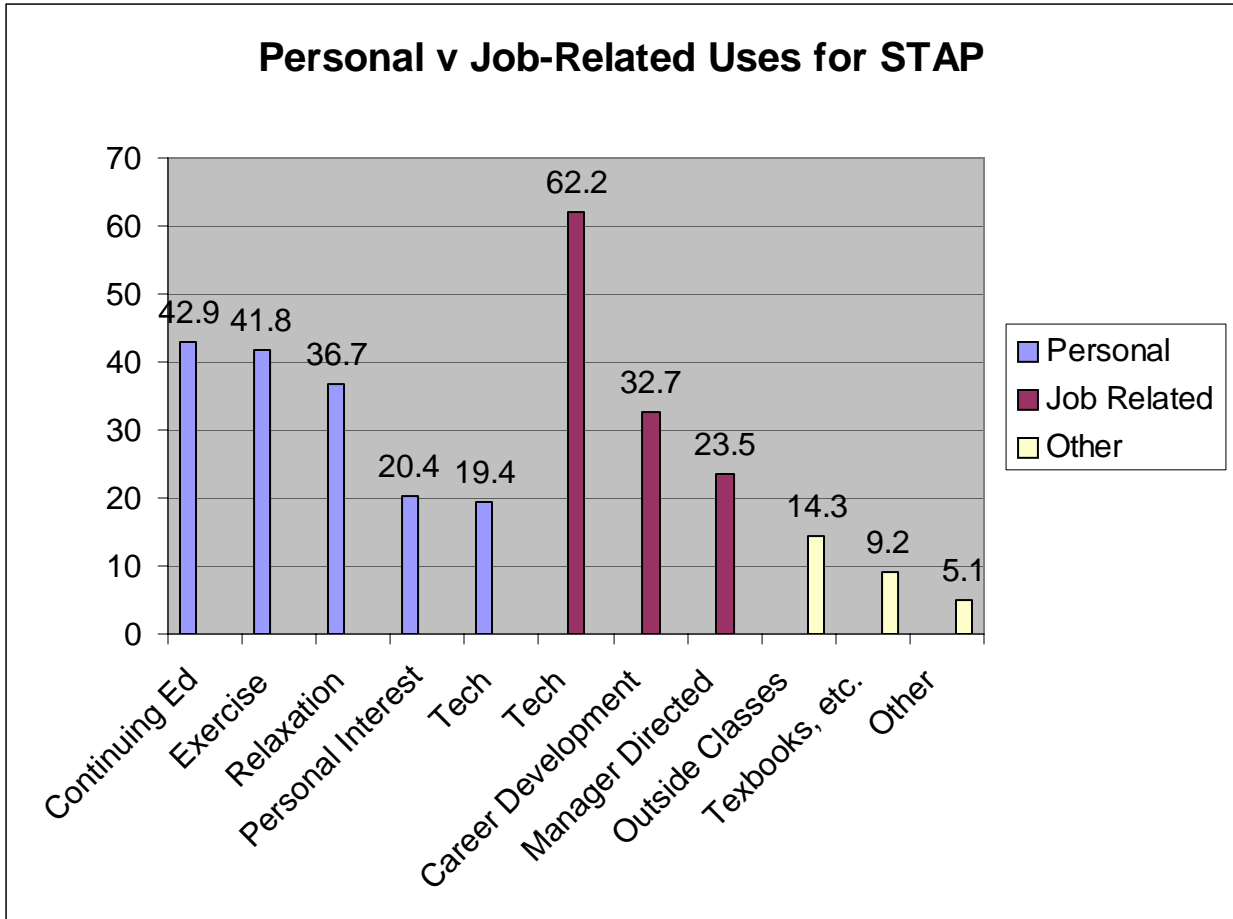


When asked to check off all the possible reasons for using STAP, 77.6% claimed to use it for personal enrichment, 64.3% for increasing job related skills, 60.2% for career development, and 9.2% for specific classes recommended by a manager.



The 5.1% who chose 'other' ranged in responses from either having used it in the past for computer classes, plans for future use (for personal enrichment and career development), as well as a desire to use it for conference travel (which STAP doesn't currently cover). The high percentage of use of STAP for personal enrichment is not in keeping with previous research that claimed the majority of employees utilizing such programs do so for career advancement [Bagshaw 1996, 1997; Benson 2003; Loewenstein, Spletzer 1999; Lynch, Black 1998; Meisle 2004]. However, work skills and career development are listed in close second and third place respectively, illustrating that the two remain important reasons for utilizing employer sponsored general skills training programs.

When asked to go into further detail as to the actual courses or materials they used STAP funds to cover, at some point in their Stanford career, staff chose from a myriad of options (see Table 1.3 titled Uses for STAP). The majority of respondents, 62.2%, used STAP to cover technology classes for personal development with the next largest group of 42.9% using STAP to cover Stanford Continuing Education classes and 41.8% following in a close third using STAP for exercise classes. The lowest number of responses fell into use of STAP for textbooks/study aids or courses outside of Stanford at 9.2% and 14.3% respectively. In considering the usage of STAP for personal versus job related courses or materials, the following chart breaks down the percentages further.



While technology classes for job related skill development scored the highest, one can see the majority of respondents used their STAP funds on personal interest type of classes such as Stanford Continuing Education (42.9%), HIP exercise (41.8) and relaxation or stress relief classes (36.7%), as well as personal enrichment programs (20.4%) and technology classes (19.4). Outside classes and textbooks were categorized as other as neither can be clearly labeled as job related or personal interest. The 5.1% of respondents that offered ‘other’ responses said they would like to use STAP in the future or could not use it on certain HIP exercise classes. One mentioned he/she had used it for CPR classes.

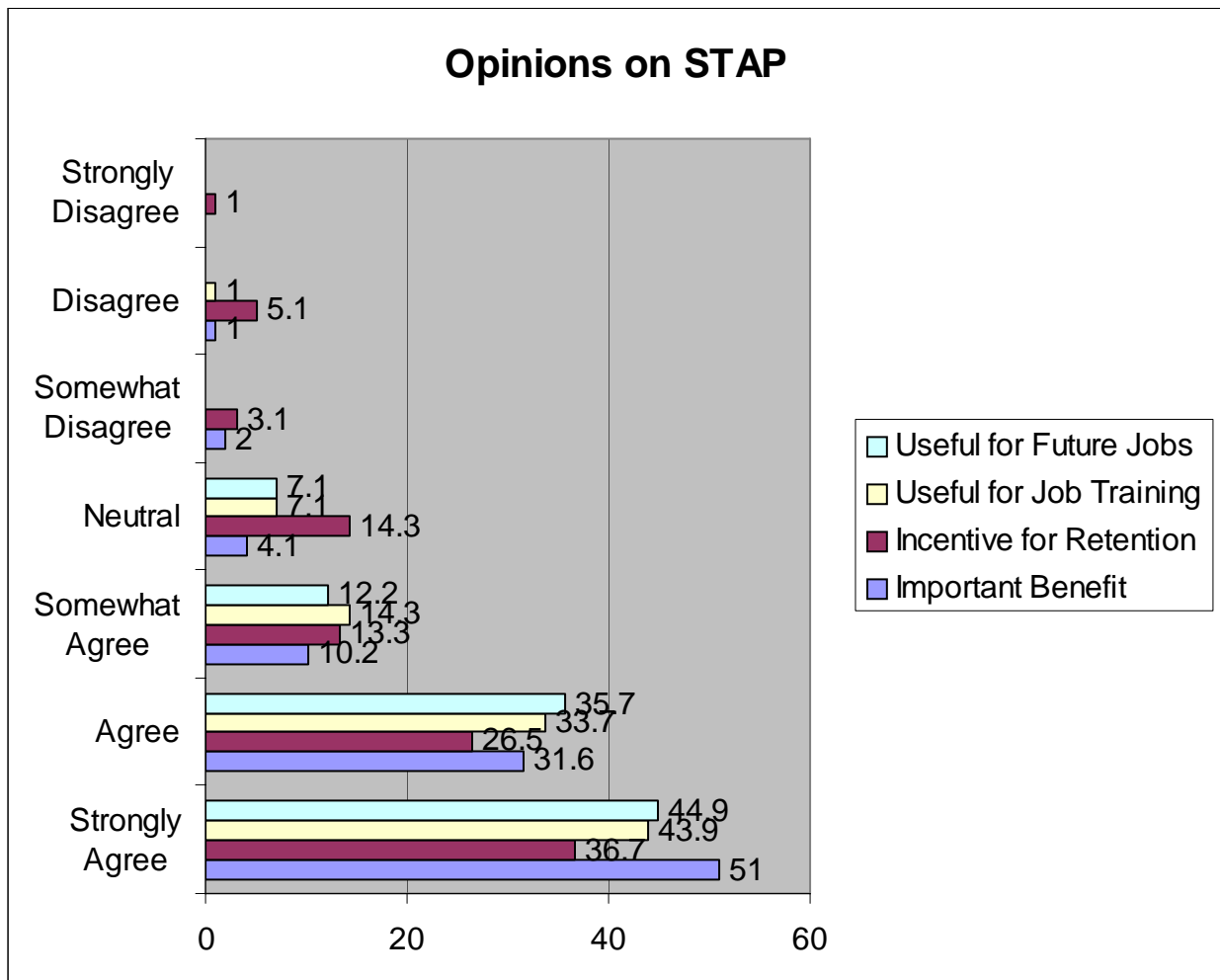
In order to probe deeper into whether STAP funds were used for current job skills development or for preparation for future career aspirations, staff members were asked to describe their usage for career development. While 16.3% said they don’t use STAP for career development, 62.2% use STAP to improve performance in their current positions while 21.4% use it to improve their skill set for future positions. With over half the respondents using STAP to improve their skills for their current position, one could surmise previous studies that purport employer provided general skills programs can improve job productivity may have merit [Bartel, 1994; Black, 1996; Blundell, Dearden, Meghir, Sianesi 1999; Garcia, Arkes, Trost 2002]. Further research might show a link between highly motivated employees pursuing further training for improving for their current job with increased productivity or fewer mistakes on the job.

In general, these responses on use of STAP do not follow what many previous studies propound claiming that employees pursue general skills training for the main purpose of increasing their marketability for future employment [Bagshaw 1996, 1997; Benson, 2003; Bretz, Boudreau, Judge 1994; Lowenstein, Spletzer 1999; Lynch, Black 1998; Meisle 2004]. The majority of respondents to this survey used STAP funds to cover personal enrichment or current job skills training courses and only 21.4% admitted to using the funds for future career aspirations.

Data Returns and Analysis: Attitudes

Employees seem to have a high opinion of the STAP program. When asked their degree of agreement, disagreement or neutrality on whether STAP was an important part of the benefits package, 92.8% agreed while 4.1% were neutral and 3% disagreed. As for retention, 76.5% agreed STAP was a useful incentive while 14.2% were neutral and 9.1% disagreed. Considering the usefulness of STAP for on the job training, 91.8% agreed it was a useful program while 7.1% remaining neutral and only 1% disagreed. When asked if STAP was useful for increasing job skills for career advancement 92.9% agreed, 7.1% were neutral and no one disagreed.

The following chart illustrates degree of agreement or disagreement:



By comparing degrees of agreement and disagreement, it is clear that employees felt strongly about STAP as an important benefit with 51% strongly agreeing and 31.6% agreeing. The next strongest positive reaction is to the statement of STAP as useful for developing skills for future positions with 44.9% strongly agreeing and 35.7% agreeing. The fact that no one chose to disagree with this statement is also telling. In examining degrees of disagreement it is noticeable that STAP as an incentive for retention drew the most negative responses with 1% strongly disagreeing and 5.1% disagreeing; however, retention had a mostly positive response with 36.7% strongly agreeing and 26.5% agreeing. The majority maintained a positive opinion on STAP as useful for on the job training as well with 43.9% strongly agreeing and 33.7% agreeing.

Despite the fact that not all employees surveyed regularly use STAP for skill development for current and future employment or personal interest, the overwhelming opinion seems to be that STAP is a good benefit, useful for retention, useful for on the job training and for learning skills for future employment. This overwhelming response is somewhat suspect as one wonders if this is a situation where respondents are giving the answer they assume a researcher wants to hear. After being asked so many questions concerning their use of STAP funds, it's easy to create a mind-set that sees this as a positive thing for Stanford employees.

Despite the fact that 99% of respondents claim to know about STAP, a high percentage felt the University as well as the School of H&S were not doing enough to publicize the program. While 29.6% felt the university was publicizing well enough through print media, 10.2% thought they were effective in sending emails and 2% thought they did well through special events, 37.8% thought they didn't share enough information. While 41.8% had a positive response to the university's publicity efforts and 20.4% fell into don't know (16.3%) or other (4.1%), the fact that 37.8% of a group with a high awareness of the program felt the university was failing in its publicity efforts is quite dramatic. H&S fared far worse as 46.9% felt it wasn't doing enough to publicize STAP with 30.2% claiming not to know and only 20.4% agreeing they are doing enough (11.2% in print, 5.1% through email, and 4.1% during special events).

The low 15% return rate (98 responses out of a pool of 650 employees) must have its reasons. If highly motivated and knowledgeable respondents feel the university and school are not offering enough publicity, possibly a large portion of the 85% of non-responses are due to a lack of knowledge. Not knowing about STAP, they may have been unwilling to fill out a survey about it. The survey seems to have had some effect on respondents as 17.3% said they are more likely to use the program after completing this survey, but the majority (78.6%) claim it will not affect them (74.5% claiming they will continue to use it and 4.1% claiming they will continue to not use it).

The Sample Population and its Broader Implications

The sample of H&S represented by the respondents is heavily weighted with a large percentage of managers (38.8%) and exempt staff (53.1%). While human resources did not want to speculate on the numbers of staff who are considered managers, the possibility that nearly 40% would fall into a managerial role seems highly unlikely. Additionally, the human resources group was unable to produce a percentage for exempt versus non-exempt employees, but the percentage of respondents seems high as well.

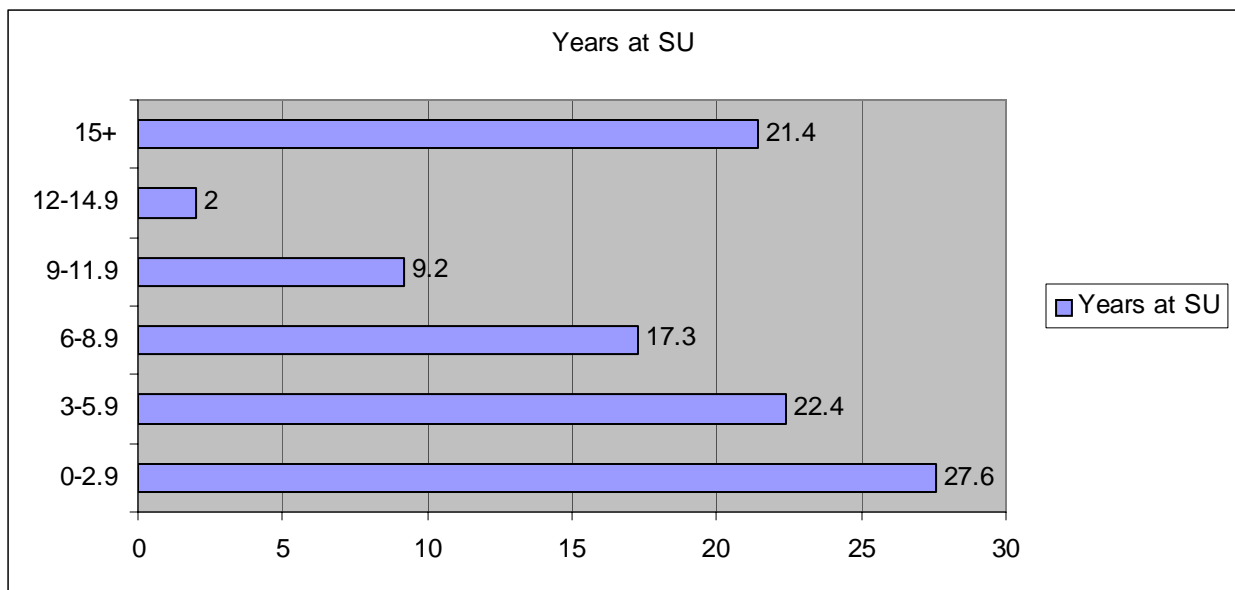
The high number of managerial level respondents was probably due in part to the method for distributing the survey. As it was emailed to all H&S department and program managers, they were guaranteed to receive copies, while their staff may not have received them via their

managers. Additionally, the high number of employees with some knowledge of the STAP program can be explained by the fact that the university and H&S probably work harder to make their managers aware of these funds and its appropriate use.

Further analysis does not show a marked difference in responses on attitudes or use of STAP between managerial and non-managerial employees nor amongst exempt versus non-exempt staff. Contrary to previous studies, managers and exempt staff do not seem more likely to participate in STAP than other employees within the results of this study [Cappelli 2004; Lynch, Black 1998]. However, with a 15% return, it is possible that the 85% who did not respond to this survey are both 1. made up of mainly non-managerial and non-exempt staff and 2. less willing to use STAP funds. If that were the case, then the earlier studies would be correct. As it is impossible to rule out the former or the latter possibilities and the cross tabulations reveal little, the results remain inconclusive.

The job areas covered by respondents seemed evenly divided with 18.4% in office support, 17.3% in finance, 19.4% in student services, and 18.4% in managerial roles and 19.4% in 'other' where typically the 'other' category responses seem to combine more than one job area equally. The two smallest numbers of respondent job areas are information technology at 4.1% and faculty affairs at 3.1%. These numbers are not surprising as the university covers both work areas centrally with liaisons within certain departments and the Dean's Office. Further analysis does not reveal any marked difference in attitudes or use amongst the job areas.

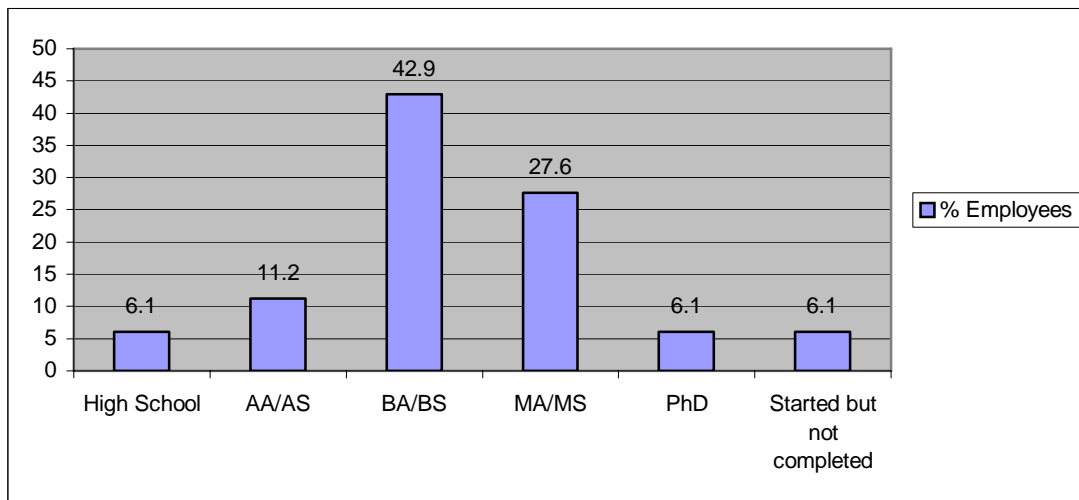
Half of the respondents (50%) claim to have worked for the university for fewer than 6 years, with 28.6% of respondents working for the university for between 6-14.9 years. Surprisingly 21.4% claim to have worked for the university for more than 15 years. With so many respondents working for less than 6 years (27.6% just under 3 years and 22.4% just under 6 years) it is conspicuous that so many know about STAP and have used the program in the past.



However, cross tabulations reveal no distinct differences in attitudes or usage of STAP amongst newer employees versus veterans. In fact, the attitudes seem so universal there were many empty cells causing skewed results within the measures of correlation. Future studies may attempt to survey respondents directly on the effect of STAP on retention.

When asked about their intentions to stay at Stanford, 22.5% said they plan to stay 1-2.9 years; 22.4% said they intend to stay 3-5.9 years; 7.1% intended to stay 6-8.9 years; 8.2% intend to stay 9-11.9 years; 10.2% intend to stay 12 years or more. Only 8.2% mentioned leaving within the year, while 18.2% intend to retire from Stanford. It's difficult to see if these intentions have any relationship to attitudes or use of STAP funds as there are many reasons an employee may want to continue at the university and the cross tabulations were inconclusive.

The majority of respondents were overwhelmingly female (90.8%). As H&S has no data on gender break down, it is hard to deduce if the fact that more women responded to this survey than men has any further meaning. Again, the cross tabulations on attitudes and usage were inconclusive. The ages of respondents were divided as follows: 4.1% under age 25, 27.6% between ages 25-34, 22.4% between ages 35-44, 18.4% between ages 45-54, 26.5% between ages 55-64 and only 1% aged 65 or above. The age range of an employee seemed to have no bearing on their use of STAP funds nor on their attitudes concerning STAP funds. The majority of respondents hold Bachelors degrees (42.9%) with the second largest group holding Masters degrees (27.6%) and the third largest holding Associates degrees (11.2%). Five started Bachelors degrees and one started a PhD.



While a high number of respondents hold higher education degrees, this is not surprising given the high number of managers and exempt employees amongst the pool of respondents. Cross tabulations do not reveal any correlations between degrees and attitudes about STAP or use of STAP funds. The fact that greater numbers of degreed employees were motivated enough to respond to the survey may indicate higher motivation for general skills training, but a 15% return with no supporting data on the degree break down amongst H&S employees makes it hard to conclude a relationship.

Conclusions

The research conducted via this survey offers an interesting first step into exploring the employee side of the employer sponsored general skills training experience. While employers seem to spend so much capital and are shown to reap as many rewards, it's not clear what employees get out of such programs. Theorists have postulated many positives including increased wages and promotion opportunities, but this information is not widely known nor is it

well proven [Bagshaw 1996, 1997; Benson 2003; Loewenstein, Spletzer 1999; Lynch, Black 1998; Meisle 2004]. The fact that the benefits of these skills training courses are not clear might explain the perception of low enrollment, not only at Stanford, but across other private companies and non-profits as well [Blundel, Dearden, Meghir, Sianesi 1999; Krueger, Rouse 1998; Loewenstein, Spletzer 1999, 1998]. While the respondents to this survey agree there are many benefits to the STAP program and a large percentage of them have used program funds in the past, it is not clear that the rest of the non-respondents (85%) or the wider university community would agree.

Unlike other companies, Stanford University is unusual in that it offers a wide variety of employer sponsored general skills training including tuition reimbursement as well as a host of free courses geared at managers looking to improve their skill sets as well as employees looking to improve their skills and create promotion opportunities on campus. With so many opportunities, STAP may seem underutilized in comparison, but when taken as a whole, Stanford employees may appear to be active participants in employee sponsored skills training programs. Perhaps future research could examine all these programs more fully and determine true enrollment over time. Additionally, better population information (gender break down within a school, number of managers, number of exempt/non-exempt staff, enrollment numbers within STAP and other programs) would help to show if the sample responding to various surveys are indeed representative of the university as a whole.

This study itself has many flaws and missing pieces. The survey design missed certain types of questions that could have dealt with retention issues and salary. The questions themselves obtained mainly nominal and ordinal level data that offered fairly one-sided responses rendering cross-tabulations of the data somewhat useless (as too many cells were left blank). The survey lacked interval level data making it impossible to run regression style analysis. Without direct access to the majority of the staff, the surveys could not be sent to everyone in a timely fashion. It is possible that many staff didn't know about the survey. Without hearing from the 85% of non-respondents, it's impossible to know if STAP has low enrollment or why. It's also hard to determine if only the most productive staff are the only ones enrolling in STAP and programs of its ilk.

In the end, without a true picture of employee interest in these employer sponsored general skills training programs, it's impossible to determine how effective these programs are at delivering to employers all the benefits researchers promise. Higher retention rates, higher productivity rates, better job candidates, cheaper skilled labor [Acemoglu, Pischke 1998; Barron, Berger, Black 1999; Bartel 1994, 2000; Cappelli 2004; Feuer, Glick, Desai 1987; Loewenstein, Spletzer 1998; Lynch, Black 1998] all presume that employees take an active interest in pursuing these programs and from the research, that fact is not well established [Frazis, Harley 1995; Lynch, Black 1998; Loewenstein, Spletzer 1999; Meisler 2004].

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