

EMPLOYER EDUCATIONAL ASSISTANCE:  
AN ASSESSMENT OF THE IMPACT ON  
ORGANIZATIONAL COMMITMENT

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POSTER EDUCATIONAL ASSISTANCE, AN  
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## **ABSTRACT**

This research was conducted to determine whether there is a correlation between employer educational assistance and organizational commitment such that when employees are provided with educational assistance, the organizational commitment increases. The study conducted in ten public, private and corporate organizations revealed that employees preferred working for employers that offered some form of educational assistance. The majority of the employees perceived such assistance not only as support system but as an achievement award for a job well done. The findings of the study also showed, most employees agreed that developing their skills through higher education would be beneficial to their current job. Results of the findings also identified there are other factors besides pay, conducive workplace, job security or annual bonuses that made their employees committed. The factor identified from this study was employer educational assistance.


## APPROVAL PAGE

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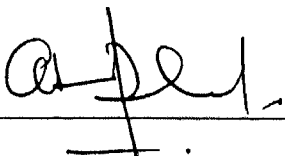
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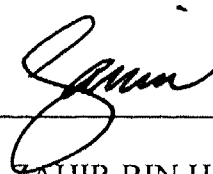
  
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## DECLARATION

I hereby declare that this project paper is the result of my own investigations except where otherwise stated. Other sources are acknowledged by reference notes and a bibliography is appended.

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# CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction

Successful organizations recognize that committed employees are their valuable resources. High commitment among employees leads to lower turnover and, thus achieve organizational performance (Mowday, Steers, and Porter 1979). The importance of commitment has long been noted by organizational theorists. In fact, it is difficult to find “any comprehensive work on organizations that does not in some way refer to the construct of organizational or employee commitment” (Scholl 1981, p.589).

The subject of employee organizational commitment has been much discussed because of its strong association with many valuable outcomes, including employee satisfaction (Hunt, Chonko, and Wood 1985), performance (Morris and Sherman 1981), absenteeism (Hammer, Landau, and Stern 1981; Steers 1977), employee turnover (Abelson 1983), organizational adaptability (Angle and Perry 1981). In general, low levels of commitment are thought to be dysfunctional to both the organization and the individual (Randall 1987).

Alarminglly, organizational commitment is declining. Empirical studies that indicates the decline include (1) a Harris poll of middle managers in which 65 percent

said salaried employees are less loyal to their companies than they were ten years ago (Nussbaum 1986) and (2) research findings by Yankelovich, Skelly, and White that managerial commitment (the bond between employees and their companies) dropped markedly during the 1980s (Kiechel 1985).

As noted previously, commitment has been associated with many desirable organizational outcomes, including satisfaction, performance, reduced turnover and flexibility. Most researchers acknowledge value on both theoretical and empirical grounds and most managers prefer loyal and devoted employees on practical grounds. The important issue from both research and managerial viewpoints is: How can organizations instill and maintain a high level of commitment in their members? In other words, before managers can hope to influence commitment in an informed way, the antecedents of commitment must be identified (Morris and Sherman; Randall 1987).

Previous research has shown certain personal characteristics (including age, income, and education) and certain job characteristics (including variety, autonomy, identity and feedback) to be robust predictions of many organizational behaviours. For example, in the organization literature, age and income have been found to be related positively to commitment (Brief and Aldag 1980; Steers 1977) whereas education has been negatively related. (Brief and Aldag 1980). Futher, Herzberg (1966), Hackman and Lawler (1971) found positive relationships between satisfaction and certain job

characteristics. What has not been investigated empirically in most literature is the association between educational assistance and commitment.

Results of literature review indicate that 90 percent of American workers receive no formal training from their employers. The American Society of Training and Development (ASTD) estimates that about 14 percent of the current workforce are not getting the basic skills training they need to perform their jobs. ASTD also estimates that training these workers would cost employers only about \$294 per worker per year (Petrini, 1994). Employees with low educational or job skills are generally limited to low paying production-type or retail jobs. Furthermore, employers are reluctant to relocate to an area with low educational skills especially when their production work relies on computer technology and robotics. Organizations, therefore, must provide continuous opportunities for learning experiences through quality educational means. Often, this means that the employer provides educational assistance.

### **1.1 The Rising Need for Educational Assistance and Training**

The job market is changing as the numbers of unskilled and semiskilled jobs declines (Segal, 1992). Predictions are that by the year 2000, only 27 percent of all available jobs will be in the low-skilled category (Goddard, 1992), yet the number of job applicants who lack necessary job skills is increasing. Segal (1992) writes that the “gap

between the skills people have and the skills that jobs demand” is increasing (p. 680). Many jobs today require not only physical labour but also computational and analytical skills. Therefore, workplace literacy is a very real concern for businesses.

## **1.2 Workplace Illiteracy**

Ford (1992) estimates that approximately 20 to 80 million U.S adults are functional illiterates. Goddard (1987) estimates that 50 percent of the industrial workers “read at or below the eighth-grade level and each year another 2.3 million functional illiterates ... join the nation’s employment pool” (p. 73).

Workplace literacy is defined on three levels. These levels increase as the nature of the job changes. The lowest level is the traditional view of literacy and is defined as “ the ability to read and write in an academic setting” (Ford, 1992: p. 54). The next level is functional literacy. This is the ability to understand and use information in order to operate in society. The third level of literacy, which has emerged recently is workplace literacy.

This level requires the necessary computational, analytical, and communicational skills to perform one’s job (Ford, 1992). Workplace literacy varies with the position. For example, it may be the ability to read the blueprints, electrical codes, software or machinery instructions, or prepare briefing reports.

According to Goddard (1987) and Flynn (1994), companies are beginning to address the educational needs of their workforce. Some examples include:

- Remedial and advanced literacy training
- Tuition reimbursement
- Flexible schedules to attend classes
- Career development seminars
- Mentoring programs

According to a survey done by Petrini (1991), 83 percent of the respondents stated that their organizations offer some forms of basic-skills training on site. Eighty-seven percent allow employees to develop their skills on company time, and seventy-three percent offer financial assistance for basic-skills training. Also, thirteen percent of the organizations surveyed include the employee's families in the program.

Some benefits of basic skills training include increased productivity, higher quality products, reduced absenteeism, and increased commitment and job satisfaction (Washburn & Franklin, 1992 ). Although job satisfaction and commitment are difficult to measure, the effect is just as tangible to improve employees' quality of work life and well being (Jenkins, 1993).

### **1.3 Organizational Commitment in the Context of this Study**

Organizational commitment is recognized as an important variable in understanding the work behaviour of employees. Research on organizational commitment has been of interest among social scientists for decades; and recently other disciplines are recognizing the significance of organizational commitment. Liou and Nyhan (1994) state that businesspersons are recognizing links between increased organizational commitment and higher levels of job performance, lower absenteeism, and lower turnover. They write that by better understanding the variables that contribute to organizational commitment, one can increase employee motivation and commitment

Organizational commitment can be measured in a number of ways depending on how it is defined. In the 1960's, it was defined as a single component; however, most researchers "generally agree that two views of organizational commitment now dominate literature: (a) the attitudinal commitment and (b) the behavioural commitment" (Liou & Nyhan, 1994: p. 100).

The attitudinal commitment refers to attitude that an employee has towards one's organization based on one's organization. For example, an employee who has high organizational commitment will: (a) strongly believe in and accept the organization's



goals and values; (b) exert a significance effort for the firm's benefit; and (c) desire to remain a member of the organization (Liou & Nyhan, 1994).

The behavioural commitment states that an employee becomes attached or committed to an organization based on one's individual investment of time, money, or training that would be lost if one left the organization (Liou & Nyhan, 1994). Both of these definitions have one thing in common: organizational commitment requires active involvement by the employee with the organization. Organizational commitment extends beyond an employee's beliefs: it is displayed daily by one's actions on the job (Mowday, Steers & Porter, 1979).

#### **1.4 Statement of the Problem**

By the year 2000, jobs will be very technical and require analytical and reasoning skills (Goddard, 1992). Due to the rapid growth of computer technology, increased quality standards and competition, and new production methods, employer assistance for higher education is vital. Kinni (1994) writes that "every employee has the right to continuous training and education ... and the responsibility for using that learning to its fullest benefit. Employees cannot act in an empowered manner without education and training" (p.38). In a 1993 incentive survey, 38 percent of the women respondents and 23 percent of the men look for companies that promote continuous education. Also, 41

percent of the men and 39 percent of women surveyed prefer tuition assistance for themselves or their children as an incentive reward (Muller, 1994).

Labbs (1993) gives an example of an organization that has implemented tuition assistance. The company awards scholarships every year to high-school seniors who are dependents of company employees. Also, employees who have been with the company for at least three years are eligible for tuition assistance. After an employee completes and receives a C or higher grade, one receives an 80 percent tuition refund. Labbs (1993) found that commitment of the company to its workforce and their families will be reciprocated to the company.

There are many established organizations in Malaysia, both private and public sector which have implemented or offered some kind of educational assistance to their employees to pursue professional or degree courses. The educational assistance can be in the form of scholarships, study loans and full or half-pay leave for educational purposes. Upon completion, these employees are expected to serve for the organization for a stipulated period of time. Thus, this study attempts to determine whether employees who have been given educational assistance by their employers would continue to be committed to their organizations.

## **1.5 Objectives of the Study**

This study is to assist decision makers in organizations namely executive officers, managers and heads of public and private organizations in identifying other factors besides pay, conducive workplace, job security, health benefits or annual bonuses, that make their employees more committed. Educational assistance for instance, is often overlooked as an important contributing factor that organizations can offer to enhance employee's commitment. This study determines to find out whether there is a significant relationship between employer educational assistance and organizational commitment such that when employees are provided opportunity to take job-related courses or complete university degrees, their organizational commitment increases.

## **1.6 Significance of the Study**

The results from this study will add a new dimension to the body of literature on organizational commitment. Based on the review, the researcher found that research linking tuition assistance and organizational commitment in Malaysia is almost non-existent.

Also, the results of this research may have a positive influence on employers to provide educational assistance so that more employees will perhaps increase their commitment to the organization.

### **1.7 The Research Hypothesis**

There is a significant positive relationship between employer educational assistance, the independent variable, and organizational commitment, the dependent variable, such that employees are provided to take job-related courses or complete college/university degrees, their organizational commitment increases.

### **1.8 Limitations of the Study**

This study is limited to 100 full-time employees from private, public and corporate sectors in the District of Kulim, Kedah. Being one of the fastest developing districts in Kedah, Kulim has a lot to offer to potential job seekers who have both technical and managerial expertise especially with the development of Kulim High Technology Park. Thus, the need for training, higher educational qualifications have been increasing among employees in the district.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.0 Definition of Commitment

According to Kanter (1968), commitment is defined as the willingness of social actors to give their energy and loyalty to social systems, the attachment of personality systems to social relation which are seen as expressive. Sheldon (1971) defined commitment as an attitude or an orientation toward an organization that links or attaches the identity of a person to the organization.

According to Buchanan (1974), commitment is a partisan, affective attachment to the goals and values of an organisation, to one's role in relation to goals and values, and to the organization for its own sake, apart from its purely instrumental worth. Becker (1960) states that commitments come into being when a person, by making a side-bet links extraneous interests with a consistent line of activity. Commitment is a process by which the goals of the organization and those of the individual become increasingly integrated or congruent ( Hall, 1970).

The widely divergent definitions on commitment occurred as the area grew and developed undoubtedly due to varying disciplines of researchers involved. To overcome this problem some researchers have suggested typologies into which various approaches to commitment can be organized. Some of the typologies are summarised as follows.

## **2.1 Etzioni's Typologies**

Etzioni ( 1961 ) suggested a typology based on a larger model of member compliance with organizational directives. It is argued that the power of authority that organizations have over individuals is rooted in the nature of employee involvement in the organization. This involvement or commitment can take one of three forms.

- a) Moral Involvement
- b) Calculative involvement
- c) Alienative involvement

## **2.2 Moral Commitment**

Moral commitment represents one of the two affective perspectives of organizational commitment. Calling it moral involvement, Etzioni viewed it as emanating

from symbolic compliance structure. A moral commitment is characterized by the acceptance of and identification with organizational goals. It may be thought of as a kind of organizational identification ( Hall et. al.,1970 : Patchen, 1970 ). Wiener (1982) labeled such forms of affective organizational commitment. He used this label because of the association of organisational identification with the commitment work of Porter and his colleagues ( Porter, Steers, Mowday and Boulian, 1974: Steers, 1977 ). Thus measures such as those of Hall et al., (1974) are currently intended to operationalise affective dimensions of commitment similar to Etzioni's moral involvement.

### **2.3 Calculative Commitment**

Calculative commitment represents the instrumental view of organizational commitment that was described earlier. It is a commitment to an organization, which is based on the employee's receiving inducements to match contributions. To Etzioni this form of organisational attachment as typical of compliance systems which are based on exchange. Therefore, it is conceptually rooted in the exchange theory of Barnard ( 1938 ) and March and Simon (1958 ). It is also conceptually similar to the situation described by Wiener (1982) in which instrumental motivation, rather than an affective organizational attachment is responsible for behaviour intentions. Thus, calculative commitment can be conceived as substantially distinct from the affective organizational attachment to

organizations' implicit in the commitment work of Porter and his colleagues ( Porter, 1974 ).

Those who have attempted to operationalise some form of calculative commitment have generally associated it with retention of organizational membership rather than the instrumental form of organizational attachment which was just described as calculative commitment. For example, Kidron ( 1978 ), defined it as the intention to retain or forfeit organizational membership when slightly more attractive alternatives are available. The roots of this definition are in the work of Ritzer and Trice ( 1969 ) and Hrebiniak and Alutto (1972). Angle and Perry ( 1981 ), have also operationalised a calculative commitment; however, they have used a dimension of the Porter's Commitment Scale, arguing that this affective measure included items which are associated with the desire to retain organizational membership.

Calculative commitment need not be reduced to willingness to retain organizational membership. It may be thought of in the broader terms of an instrumental organizational membership. In fact, retention of forfeiture of organisational membership - the traditional concept of calculative commitment - may be more closely associated with an affective form of organizational commitment. For example, a willingness to forfeit membership may be the result of anger ( negative effect ) toward the organization. Consistent with Etzioni's model, such feelings emanate from alienation (affective