

**BUSINESS SIGNIFICANCE OF EMPLOYEE VALUE
PROPOSITION TOWARDS EFFECTIVE WORKFORCE
MANAGEMENT**

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ABSTRACT

The Employee Value Proposition (EVP) represents the perceived overall deal between employer and employee. The employer offers the employee and expects contributions from the employee in return. The inducements and contributions consist of mutual obligations and promises. Inducements typically concern career progression, organisational support, fair and transparent performance management and more tangible things such as pay and holiday entitlements. Contributions related to working hours, being an employer advocate within and outside the organisation, bringing skills, enthusiasm and entrepreneurship to productive work. Importantly, within the overall deal, nested deals are operating at different organisation levels, such as the tailored, workable arrangements forged between the team leader and team members. These reflect opportunities available for employees to shape their work experience. Top-performing companies create a sustainable EVP and total rewards strategy based on the needs, demographics and preferences of their workforce. Employee value Proposition refers to the rewards and benefits an employee receives in return for his performance at the organisation's workplace. The characteristics of the EVP need to be reflected in the corporate and employer brands. This paper takes reviews the concept of employee value proposition along with the business significance of human resource management.

Keywords: *Employee Value Proposition, Human Resource Planning, Compensation, Career Planning, Human Resource Management, Employer Branding*

INTRODUCTION

“Employee Value Proposition” will be a straightforward statement defining how the organisation will satisfy the employee’s requirements. The manner and degree to which this Proposition is aligned with the purpose of the organisation, its goals, values, the operating methodology, the management style, the communication regime, and employee participation opportunities will determine long-term outcomes. In other words, an organisation’s leadership and culture will become the predominant factors in predicting its viability. The Employee Value Proposition (EVP) is the commonly used jargon to describe the characteristics and appeal of an organisation. An EVP describes the mix of characteristics, benefits, and ways of working in an organisation. It is the deal between an organisation and employees for their contribution and performance. This “deal” characterises an employer and differentiates it from its competition. Most organisations encounter two main problems when it comes to their EVP. It is a known fact now that there is more to employee satisfaction than just remuneration (salary and benefits). Employee Value Proposition has been proven crucial to attracting, hiring and retaining the industry’s best talent. They struggle to differentiate themselves from their competition. Differentiation is crucial if an organisation stands out from the “sea of sameness” that characterises some sectors and makes their organisation great. The brand might be appealing but it does not accurately reflect the reality. Reality lies in Employee satisfaction and comes from the Employee value proposition (Charak & Zaware, 2020).

Businesses today are making million-dollar decisions every day. Sadly, they are often based on “gut feelings.” Alternatively, leading companies such as Dow Chemical, Comcast and Google have found greater success by favouring workforce analytics over “gut instincts.” These businesses have learned to take the guesswork out of business decisions by analysing employee data and using it to understand which actions have the greatest impact on business performance. Workforce Analytics informs workforce decisions by helping companies understand what matters to the business, how they’re doing, where the issues are and what to do about them. Answers to these questions provide organisations with the ability to act with confidence when driving their strategic workforce initiatives. This is where the Employee Value Proposition (EVP) comes in. An effective EVP enables an organisation to stand out as different and ensures that the “Packaging” reflects the „contents. People often join organisations tempted by “Branding” and are disappointed when they experience the reality. The employer value proposition describes the understanding of the brand from the employer’s perspective. The statement formulates a shared basic understanding as an employer and addresses topics such as the working environment, teamwork, management style and development. It provides the basis for aligning communication and offerings in employer branding. In Indian organisations, where products are commoditised, Employee Value Proposition (EVP) is the factor that can distinguish companies. Organisations realise that they should adopt internal branding strategies to leverage the employees (Pawar & Charak, 2015).

An effective EVP can bring an organisation significant benefit. According to the Corporate Leadership Councils research a well-thought-through and executed EVP which resulted to Improve the commitment of new hires by up to 29%, Reduce new-hire compensation premiums by up to

50%, Increase the likelihood of employees acting as advocates from an average of 24% to 47%, Also, an effective EVP allows organisations to source more deeply within the labour market, increasing their access to passive candidates. This is important for organisations who want to secure the best talent in an increasingly difficult talent market.



Figure 1: Components of EVP

Moreover, the demographic predictions show that there will be a stark contrast in population growth in certain areas of the world. Many countries will show a decline in population and making it harder to source talent. In contrast, in countries such as India, large increases will make it more difficult to attract the right talent from a potentially large pool. This will cause challenges for organisations in the future and builds an even stronger case for the importance of having an effective EVP. There are the benefits of the employee value proposition as It helps to attract and retain talent, appeal to different markets and makes it tough to hire talent groups, prioritise the HR agenda, creates a strong people brand, generates Employee Commitment, re-engage a disenchanted workforce, and reduce new hire premiums

To improve, EVP must provide good internal culture, employee engagement, and a favourable HR strategy for employees. Employee and

corporate Brands with a better internal culture and favourable HR strategy help improve EVP. Employee value propositions are also affected by recruitment. They are selecting the right person at the right place and time. i.e. workforce planning, employee contribution and performance are also better if it insists the employer provide better EVP (Pawar, 2020).

RESEARCH METHOD

This research has adopted the qualitative methodology of collecting the facts and significance from the articles, books, and business reports. The collected data and information are reviewed, segmented, synthesised, and analysed to derive the outcome.

REVIEW OF LITERATURE

Kennedy, K. (2013) has expressed his views on the difference between Employee Value Proposition and Employer Branding. According to him “many organizations have begun to define the employee experience in their company, and many have taken steps to add internal departments focused on the work of branding and communicating this experience. Employee Value Proposition and Employer Brand are two sides of the same conversation. One side represents the intent of the company, while the other side represents the understanding and related connection of the desired audience. The employee value proposition is the deliberate construct of the organization to provide a compelling set of value that will attract the desired future workforce and, at the same time, keep the desired current workforce in the organization. The EVP will offer messages that address the rewards, the opportunity, the culture, the organization, the work, and the people that will be working with. Inside of these categories the EVP cover specific attributes like health insurance, vacation, retirement, career development, ethics, job impact, manager qualities, etc. The Employment Brand, just like

a consumer brand, is how the future and current workforce understand this proposition. How they feel about it. How they resonate with it. And ultimately the gut feeling or reputation it creates for the organization. The ultimate desire is, of course, that the proposition be so compelling and well enough understood that current workers are consistently reminded what a great organization they work for, and future workers will be drawn to the opportunity.”

Yates, K. and Sejen, L. (2011) examined about associations must reevaluate the way they outline and deal with their prize and ability programs as Employees are searching for employer stability, strength and chances to acquire larger amounts of pay. The need to refocus allows to restore and convey their Employee Value Proposition (EVP) to both present and planned workers are most fundamental to make an economical domain and to draw in the ability in the organization. They have additionally discussed the viewpoint of Employee Value Proposition (EVP) from workers and bosses point of view. The representative viewpoint is about Employee's association with the EVP draws in, decides their level of optional exertion in bringing the organization mission, vision and qualities to life. While the business' point of view discusses deliberately planned EVP pulls in, holds, connects with and spurs representatives to drive business achievement.

Ledford, G. E. Jr. (2013) on a paper on Employee Value Proposition (EVP), have described it as “the sum of all the rewards offered by the organization, both monetary and non-monetary, in exchange for membership in the organization and employee effort and performance” and also have focused on how the EVP relates to the Rewards of Work Model. Research has proven time and again that emotions play a main guide in the workplace. A happy employee is a productive employee, and a productive employee is priceless. This is why it is of the utmost importance for HR

departments to strive to create a comfortable and congenial work environment. They also expressed that, "It is important to have the reward or recognition be timely, specific, and something the employee values. Fortunately, there are numerous low-cost and free forms of rewards that institutions can use during difficult economic times. These can range from a sincere thanks, either verbally or in a written note, to a trophy that circulates through a department and is presented when an individual has achieved something remarkable". In short, symptoms of trouble in the Employee Value Proposition include problems with employee attraction, retention, and productivity. Updating and expanding the EVP first requires taking an in-depth look at the rewards system.

Sparrow and Cooper (2003) in their study on Employee Value Proposition, have defined the concept as a "human resource management policy influenced very much by marketing thinking that cuts across the whole of the employment experience and applies to all individuals in the organization". They have also stated that, it is a different application of Customer Value Proposition where "why should you buy my product or service" to the individual or employee, "why should a highly talented person work in my organization?" The concept differs from one organization to another, has to be as distinctive as a fingerprint, and is tailored to the specific type of people the organization is trying to attract and retain. Their definition aims at "inducing positive brand associations and hence creating a favorable employer image; encompasses the most important employment benefits (instrumental attributes) as well as key organizational values (symbolic attributes), which reflects the organization's identity".

Dell, D. and Hickey, J. (2002) suggested that, the development of employee's value is an important part of employer brand. They have also expressed that, "the role of employee value proposition is to make clear to

the employee's 'what's in it for them' or what extrinsic and intrinsic benefits will they get in exchange of their labor, both now and in the future. To keep the best and the brightest workforce, therefore, companies will need to have an attractive Employee Value Proposition for employee. As a preliminary study, the aim of this paper is to examine and validate of Talent Management Practices on brand value strategy and employee value proposition in Malaysian banking industry. Based on study by, talent management was initially designed to improve the process developing people with the required skills and aptitude to meet current organization needs". The high performing organizations are more likely to have a formalized Employee Value Proposition (EVP) and it also helps to identify, engage and retain critical workforce segments, it has probably contributed to their success.

Browne, R. (2012) conferred about the important impact that Employee Value Proposition is have on the entire organizations. The study begins with discussing factors that embrace Employee Value Proposition and how these factors considered with each other. The employee value proposition is associated with the psychological, economic and functional factors that the company provides to the employees. He attempted to determine "how these factors change with the employees. These specified factors can then be associated with the Employee Value Proposition factors of various other businesses to see how these stated factors have been implemented. He further discusses how Employee Value Proposition for an organization can be modelled along with the strategy of the company".

Rathore, H. (2014) deliberated that, "the strategy employed by an organization to create an Employer Value Proposition (EVP) that would convey to desired current and prospective employees because the organization is unique, appealing and a fantastic place to work in. EVP are communicated through company actions and behaviors and evoke emotive

and rational benefits for current and prospective employees". These EVP reflect an image the organization wants to portray to its target audience and should be insightful of the true employment know-how.

DISCUSSION

As an EVP affects internal and external perceptions of a company, human resources and marketing should collaborate to ensure the employee and customer experiences are integrated and aligned. Likewise, human resources and relocation partners must collaborate to clearly and succinctly explain relocation benefits to ensure the best possible results for both the transferees and the corporation (Pawar, 2016).

Organisational Aspects of EVP

According to Stewart Black, a professor of organisational behaviour for INSEAD, a leading graduate business school, companies should consider the following values when formalising their EVP (Pawar, 2018).

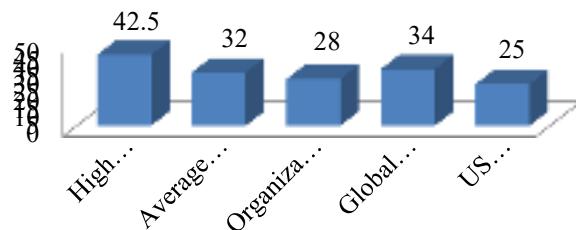


Figure 2: Organizations with formalised EVP

For any organisation, the challenge is to find quality people having the skills, knowledge, experience, competencies and values that provide a match for the roles within the organisation. The person faces a different challenge as they look around, think about their circumstances, compare options, and then choose to take up or stay in positions based on their best value (Pawar & Charak, 2017a).

EVP and Organisation Commitment

The employee value proposition (EVP) is the balance of reward and benefit, work policies and practices, experienced by an employee in return for their work as it describes why the total work experience is better than at any other organisation and accordingly, it may be critical in attracting and retaining quality people (Hill & Tande 2006). Research undertaken by the CLC into the impact of EVP (*The Employment Value Proposition – A Key to Attraction and Commitment* 2006) is summarised as follows.

Table 1: EVP and Organisation Commitment

Measure	Organisations without a clear EVP	Organisations with a clear EVP	Notes on the impact of a clear EVP
Employee commitment at commencement	9%	38%	4 times the commitment level at Commencement
Employee commitment after one year	3%	31%	commitment level is maintained significantly more strongly
Salary premium required to attract	21%	11%	The ongoing cash premium required is halved

Measurable performance may be increased by around 20% (Corporate Leadership Council, 2004). Across organisations, the percentage of high engagement employees exerting high or maximal effort varied from 3% to 25% (Corporate Leadership Council 2004), so shifting this percentage within an organisation could significantly impact its productivity. Retention can be dramatically improved by up to 87% (Corporate Leadership Council, 2004). Typically, only 13% of employees are disaffected, but they are four times as likely to leave (Corporate Leadership Council 2004); reducing the proportion of disaffected employees can therefore not only improve productivity but also have a significant impact on retention and consequent recruitment costs. Also, increasing satisfaction with the total compensation

may increase an employee's retention by 21% (Corporate Leadership Council, 2004).

The traditional focus of an organisation's marketing efforts has been on its customers and clients. The concept of EVP compels such efforts to be employee-centred. As such, an EVP must be "unique, relevant and compelling if it is to act as a key driver of talent attraction, engagement and retention. Some scholars (Barrow and Mosley, 2005) have described EVP as the Employer Brand Proposition on which an organisation's employer brand marketing and management activities are based. According to a recent University of Canberra report (2009) on EVP, the greatest benefit of using EVP lies in its ability to help the organisational attracting, retaining and engaging quality people. For organisations operating in several countries, the EVP will need to move beyond a one-size-fits-all. A good EVP contains elements that appeal to different employees from different cultures, age groups and functions. The most successful EVPs are derived from combining the needs of key workforce segments to form a universal brand that is then communicated through each segment's best channel (Pawar & Charak, 2017b).

Levels for EVP:

There is a world beyond paycheques, and it is not compulsory that employees feel satisfied with the paycheques. Still, many more benefits are available in many organisations that support employees to feel committed to the organisation and satisfied. Here comes the role of EVP to make employees satisfied beyond paycheques for employee performance by providing extra benefits to the employees. There are many examples like Ladies having small babies providing crèche for their babies within the organisation premises, care facilities, medical facility, training, retirement benefits etc. Better EVP helps make employees part of their family

(organisation). Better EVP starts with the Congenial Culture that starts with providing a better culture that needs to be friendly and suits with different needs required to create your organisation. There are learning organisations that help the employee to grow their team with training and development. Then if training is provided one can expect career growth in their career with the promotion. When all these needs are fulfilled then an employee thinks about his security, security for the future that can be retirement benefits (Pawar & Charak, 2016a). When all these benefits are fulfilled, then an employee feels satisfied and committed to the organisation to create a better employer brand. These things are explained better with the help of the following pyramid diagram.



Figure 3: Pyramid of EVP

To be successful, the EVP must be credible, which is why it must always be tested. The testing aims to ensure all categories of employees and potential employees find it appealing. The testing also tells you which EVP elements need to be turned up or turned down to appeal to different groups. Testing should take place with internal employees and potential external employees. It is a people centered approach directed to existing employees and integrated human resources planning strategies because it comes from existing employees. It must be original, unique, compelling and strategically directed to a talent pool. The biggest challenge to talent management is

ensuring a supply of talent sufficient to match the estimated demand, especially when the demand is very hard to predict and when the supply of talent is not constant. Remember - the talent management of the 1970s failed severely because of the demand-supply match. In such a scenario, it is best to build an employer brand of the organisation that can be achieved by developing an employee value proposition. The latter is also referred to as the employer brand proposition. The employment brand and EVP should win the hearts and minds of the right candidates by connecting on a rational and emotional level. If employees feel satisfied, then it helps the HR Department to support better workforce planning (Zaware et al., 2020).

Linkages of EVP:

Better EVP and human resources are planning to help create a positive Employer Brand that helps in attracting potential employees that, again, helps the HR department to provide good and effective EVP. So it becomes a vicious circle.



Figure 4: Linkages of EVP

To be managed effectively, the EVP must be employee-centred. That is, while it will be made up of the unique mix of environment, policies, programs and processes (Hill & Tande 2006) in place in the organisation as organisational policies and practices are the best predictors of the degree of engagement (Corporate Leadership Council 2004). It must be relevant to the employee rather than focused on the employer. Success must also be

compelling for the employee and unique and relevant (Minchington 2010). Finally, it must be built up from optional components, which can then be separated and re-mixed to provide unique combinations to meet the unique needs and values of each employee (Pawar & Charak, 2016b). From this perspective, it becomes clear that there are two aspects to a person's relationship with the organisation. The first is the view formed from outside the organisation; the second is formed inside the organisation as an employee. The organisation's viewpoint may broadly be divided into attraction (recruitment) and retention. Typically, the relevance of the various components that could make up the EVP differs across these two phases of the relationship as Towers (2008) found that while a competitive salary is the number one interest of job candidates, once appointed their focus shifts to other aspects of the job and the relationship. Research undertaken by the CLC (*Employment Value Proposition, Corporate Leadership Council (CLC) Research Summary 2006*) proposes five categories (Rewards, Opportunities, Organisation, Work and People). However, the following discussion of components that may make up the EVP is framed around these two key phases of the employer-employee relationship. Employees' satisfaction in their working life will be directly related to their value experience (Pawar & Charak, 2016c). This satisfaction is based on the relationship between the cost to the employee the work to be performed and the quality experienced the total balance of reward. The benefits received as defined by the employee. It is this balance between cost and quality that will lead to a competitive advantage for the employee attraction and retention of quality people.

Implementation of EVP:

Developing an EVP capable of attracting talent in the highly competitive labour market involves three steps below.

- 1) Selecting the attributes for inclusion in the EVP

2) Building candidate awareness of the EVP

3) Shaping candidate perception

The first step, however, is the most vital. It selects the right EVP attributes to explain 77% of the variation in EVP's attractiveness in the labour market. This helps in creating a positive employer brand.



Figure 5: Stages in the process of EVP creation and development.

When used and communicated effectively, an EVP becomes a powerful tool for management. As depicted in the chart, high-performing organisations are more likely to have a formalised EVP. As an EVP helps identify, engage, and retain critical workforce segments, it has probably contributed to their success. When organisations effectively communicate their total competitive rewards programs through an EVP, they can significantly affect employee satisfaction by increasing engagement and reducing investment in bigger rewards. Furthermore, an EVP helps align the workforce with organisational productivity goals and the company's brand promise. Employees are the face of a company. When engaged and committed to the organisation, they are more likely to deliver the brand

promise whether it is customer service, innovation, or others. A company that remains true to its brand promise receives more favourable consumer opinions and enjoys higher levels of credibility and profitability than those organisations that waver from their promises. The same holds for a company's relocation package. Ensuring relocation benefit programs align with the brand promise and are competitive can help recruit top candidates. Updated relocation policies that consider the brand, employees' best interests, and the economy can also help keep transferred employees engaged and productive throughout their relocations. The "experiences with people determine 70% of customer brand perception." Along with engaging current employees, an EVP can be instrumental in setting the expectations of new hires and transferees. When communicated during recruiting, interviews, and relocation candidate assessments, the EVP may help individuals determine if the job opportunities and company match their needs and personalities. In turn, this process can help save companies money and reduce inefficiencies by decreasing the likelihood of wrong hiring or job transfer decisions. On the other hand, companies that communicate specific EVP during the hiring and then fail to deliver can experience negative impacts as this failure can cause more than a 25% decline in commitment from new hires in the first year of employment.

CONCLUSION

Today's environment has created new challenges for attracting and retaining employees. Now more than ever, people can access information and resources to find new jobs. After facing cost-cutting measures and layoffs, employees may start looking to leave their current companies, especially if a new opportunity offers the chance to have greater job stability, higher pay wages, and a better work-life balance. To keep the best and the

brightest workforce, companies need an attractive Employee Value Proposition for employees. The EVP concept has been around for decades. Many organisations have yet to realise the importance of having a strong EVP. This can be a costly mistake, especially with the strong demand for talent across many industries and professions. By providing better and strong EVP, it becomes easier to attract and appoint the right person at the right place at the right time, which means better human resources planning.

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