

CHAPTER: 2

**CONCEPTUAL
FRAMEWORK**

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2.1 Introduction to Conceptual Framework

This chapter focuses on the theoretical framework of employee value proposition. Researcher has discussed about significance, development and implementation of employee value proposition with its various dimensions in the organization.

2.2 Employee Value Proposition

Employee value proposition is a correct balance of the offerings and benefits provided to employees for the contribution and performance in the organization. Employee value proposition gives the clarity and a better stage for enriching the employer brand and employee experience. It has become closely related to the concept of employer branding, in terms of the term EVP being used to define the underlying 'offer' on which an organization's employer brand marketing and management activities are based. In this context, the EVP is often referred to as the Employer Brand Proposition. Minchington (2005), described the Employee value proposition (EVP) as a set of benefits and offering given to employees for bringing their experience, skills, contribution and performance in the company. Employee value proposition is an organizational strategy focused on employees which is aligned with current and prospective employees. He also expressed that, In order to develop a good brand and increase the attraction of the organization the employee value proposition should be unique and relevant.¹

EVP Perspective: Employee value proposition (EVP) is tightly integrated with the functions of employer branding and it is used in various brand communication activities of the organization to increase the brand image and brand visibility in the employee market which is also considered as an employer brand proposition for the organization.²

Employee Perspective	Employer Perspective
Employees' connection with the EVP determines their level of discretionary effort in bringing the company mission, vision and values to life.	A strategically designed EVP attracts, retains, engages and motivates employees to drive business success.

Figure 2.1: Perspective of EVP
(Source: www.shrm.org)

Tandehill (2006)³ explored the dimension of employer branding with reference to the development of unique value proposition offered to the employees which ultimately, creates the differentiation in working for the organization than other companies. The employee value proposition identifies the uniqueness of the organization for their processes, systems and their commitment for training, growth, recognition and development of their employees. This can foster the commitment from the employees for their work and organization. It is necessary to convey the employee value proposition in all hiring initiatives and employment activities of the organization which will enhance the employer brand that can lead to attract the talent in less compensation results in more profit. Organizations can develop a unique brand in the eyes of prospective employees and makes differentiation among the organizations is much clearer. This also gives the assurance to employees to stay and work for the particular employer.

The job satisfaction of the employee is not just dependent on the salary which he or she gets. In fact, it is more about the employee value proposition offered to individuals which is most crucial for engagement, attraction and retention of the quality employees. The employee's also looks for career, location of job, trainings, growth and respect etc. apart from benefits and salary. Organizations who have a good designed employee value proposition aids to organization to deal with HR related issues or problems by prioritizing the HR activities that results in re-engagement and re-branding of the company.

Employee value proposition is creating a win-win situation for employer and employees in the organization. This can be visible enough through employee motivation and commitment and organizations return on investment. Which makes this employer and employee relationship more meaningful and fulfilling.

The employee value proposition showcases the image of the organization and their likeliness to be associated as an employer. This is defined through a deal of "Give and get" between employee and employer. This is fundamental reason for the use of employee value proposition as a tool for employer branding. Hence, employees expects the offer based on the employer brand of the organization which also signifies that, employee value proposition have a positive effect on employer brand.

2.2.1 Development of EVP:

The development of an employer value proposition majorly starts with the following key steps.⁴

Review the Data: This is the first phase to understand, collect and segment the data of employees related to various aspects like engagement, recruitment, preferences, needs and reasons for leaving to design the correct matrices for hiring and maintaining the workforce. Analysis of this data helps to get insights and trends to segment and use it effectively for organizational development.

Discover the Elements: The involvement of top management, marketing, HR and employees is significant step for designing the employee value proposition for the organization. The consideration of current and prospective employees is necessary to get the particulars for employee value proposition. The customer marketing function is an "external" approach while the employee HR function is an "internal" approach of the organization. The HR strategies for employee value proposition are aligned with employees of the organization.

Develop the EVP: Based on the above two steps, the organization can design and develop the employee value proposition based on the organizational attributes, this provides the basis for enriching employer brand and employee experience. This should be aligned with organizational and HR strategy to get better outcomes.

Communicating the Message: After developing the unique value proposition, then it is implemented across the organizational processes like career management, hiring process, employee experience and inducting activities. It is most crucial to communicate and deliver the commitments at each stages of the HR activities. They should ensure the internal as well as external communication of this message.

Evaluate the EVP: At the conclusion, there is a need to integrate and evaluate the employee value proposition. This also should be checked with employee's surveys and matrices. Subsequently, this demonstrate the return on investments and profits by employee value proposition. The outcome of employee value proposition shows in terms of organizational benefits.

The development and delivery of employee value proposition does require more time and investment but it produces the long term benefits. Likewise, a good employee value proposition improves the attraction, develops the reputation, and retains the employees and reengages the current employees which aids to achieve the organizations objectives. At the core of the powerful employer brand there is always an ideal employee value proposition which fuels the HR Strategies and recruitments efforts that are progressed through right talent hiring in the organization. The employee value proposition also assures the organization about the employee motivation, inspiring efficiency and cohesive culture which creates a distinct brand image of the organization. A strong and compelling employee value proposition can be created based on following deliverables.

Understand Views: In order to develop the real and compelling employee value proposition, organizations must understand the views of current as well as future employees about the organization. It is equally important for the organization to access the uniqueness, attraction characteristics, value deliverables and work culture from the viewpoint of the employees which can be collected through interviews, surveys or feedback from the employees.

Know the USP: This enable to understand the unique characteristics of the organization and subsequently, to realize what exactly the employee's values. This gap can give the direction for the organization to develop the right employee value proposition. This gives the direction in terms of strategic dimension, differentiation of business, attractiveness for organization and reason to work for the organization. Finally, test the employee value proposition from the sample of employees to understand its effectiveness.

Share the Message: After defining the employee value proposition, sharing this information is very crucial to existing and target employees. This can be done by finding the appropriate channels for communicating the messages like websites, social media, advertisements and groups. Continuously sharing this information build a powerful brand, reputation and image which forms the positive value of the organization for current and future employees that increases the attraction and retention towards the organizational brand.

Ensuring the Alignment: Nowadays, Employees are treated as a significant tool of promotion and advertisement to attract the top talent with right-fit. Employee value proposition transforms the employees into the advocates of brand. This consistent and good image of the company helps the organization to build a respectable reputation in the marketplace. Assuring this formation of employee value proposition in line with organizations vision, mission and objectives leads to have a better alignment of EVP with employees. This alignment needs to be also tested with the expectations of the employees to make it more appealing and fit for everyone.

2.2.2 Employer of Choice:

1. To gain the reputation and become a preferred employer of choice for the employees require the transformation HR functions of the organization. Companies will have to develop and implement the appealing practices in the organization which will results in getting a recognition from the employees as an employer.
2. Customers evaluate the organization based on their fulfilment of requirements from the product or services and more returns for the value. While employee accesses the organization based on what they receive in terms salary, culture, respect, stress, satisfaction and time etc. merely, an employee satisfaction can't create a distinctive advantage for the employer.
3. If the organization is the employer of choice then better talent is attracted, engaged and retained in the organization and can significantly reduce the turnover in the organization.
4. Today, employees and customers have a wider access to information with the help of technology they can easily access and share the facts and figures. This creates more choices for them resulting in shifting of power from employer to employee and customers.
5. Employee value proposition became an important tool for communicating the offering of the employer. This is an integrated effort of HR and marketing departments of the company.

The employee value proposition helps for organizations to become an employer of choice for the employees.⁵

2.2.3 Key practices for EVP:

The organizations uses various practices to ensure the right alignment of employee value proposition with following activities.

- Using the data of employee survey to develop a formal EVP.
- Communicating and sharing of EVP to employees.
- Aligning of EVP as per the market reputation and organizational objectives.
- Ensuring the delivery of commitments for EVP.
- Becoming a distinctive organization from competitors in the market.
- Designing the EVP as per the types and levels of employees.
- Imparting the HR strategy alignment with EVP.
- Talent communication about the rewards and benefits.
- Creating a differentiated deliverables for every talent group aligned to the EVP.

Organizations can use the HR analytics systems to access the effectiveness of the employee value proposition into the organization. The outcomes of the analysis can give the new insights about the employee's satisfaction, meaningfulness and performance in the jobs that is generated through the employee value proposition of the organization. The employee lifecycle works in different phase and every phase may have different needs of value proposition from the organization which can be understood by such applications.⁶

Talent management is also a one area which deals with the employee value proposition. To have a concrete talent management in the organization it can focus on following points of employee value proposition.

1. Well-alignment of organizational vision, mission and goals with talent management through EVP.
2. Continuous collection and analysis of survey data from the employees.
3. Realizing the gaps between the expected and actual EVP for talents.
4. Ensuring the Sharing and communication of information.
5. Testing and confirmation of business outcomes along with employee value proposition.

2.3 Quantifiable Benefits of EVP

As per the study by Corporate Leadership Council for the benefits of the employee value proposition, they discussed about three major quantifiable benefits like improvement in attractiveness, increase in employee commitment and savings in compensations as follows.

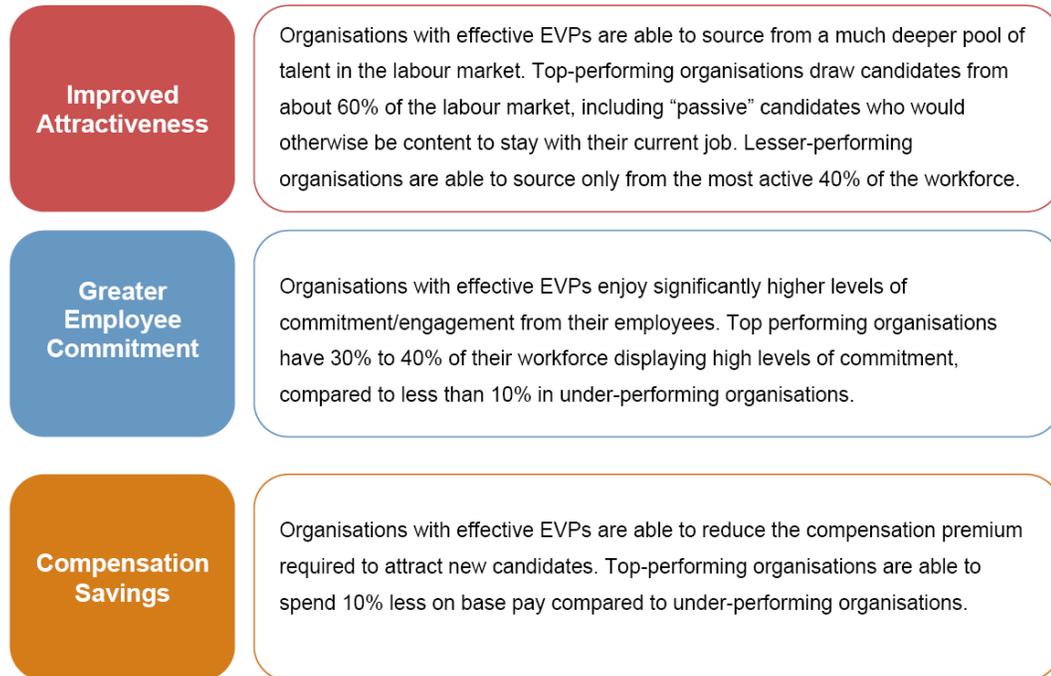


Figure 2.2: Quantifiable benefits of EVP
(Source: www.manpowergroup.com)

It was found that, many time there is a shortage of talent in particular jobs and occupations this usually a major issue in knowledge and skills based industries. The competition in the market also add more problems into this. Hence, talent attraction becomes a driving force for organizations to win the war of talents. This talent war can only win by developing the employee value proposition which have the following benefits.⁷

- 1. Improvement in Attractiveness:** It was found that, the organizations with well-aligned employee value proposition the organizations can significantly attract more than 60% of the top talent from the market. While remaining 40% is left for organizations who don't have right EVP.

2. **Improvement in Commitment:** organizations who have a good employee value proposition have an increased levels of employee commitment. Top performing companies have 40% of highly committed workforce and low performing firms have only 10% of committed employees.
3. **Improvement in Savings:** Companies with good EVP require less compensation to attract the talent. In fact, Top companies spends 10% lesser compensation than the low performing firms to recruit new talent from market.

2.3.1 Leveraging the Employee Value Proposition:

The primary benefits of the well-aligned employee value proposition can help in talent recruitment activities. While the other benefits can have following form.⁸

1. **Focusing the HR agenda:** The most important drivers of HR agenda are management of risks and regulations. Sometimes, these areas make the organization more defensive in their strategies this also lead to more pressure from environmental factors. Developing the employee value proposition can stabilize these key agenda and gives more strategical inclination which are driven by values of the organization.
2. **Attracting Quality Workforce:** Today's organizations are driven by talents hence it most essential to attract and maintain the quality talent in the organization. This can be successfully achieve with the development of employee value proposition and using it in every recruitment, promotional and advertising communication. The study done by corporate leadership council also supplemented that, the good employee value proposition can help to attract the top 50% of the talent available in the market.
3. **Relinking with disengaged employees:** The employees in the organization may become disengaged due to low morale, dissatisfaction or improper work culture. This can be addressed by restructuring the organization's employee value proposition and sharing with employees which can help to reengagement of the employees that sizes the retention and productivity in the organization.

2.4 Modelling the EVP

The employee value proposition is developed and implemented in the organization as per their vision, mission and objective by understanding the needs, priorities and culture of organization. The models of employee value proposition discusses on various aspects of the organization as follows

2.4.1 Creation of EVP:

The employee value proposition shows the association between employer and employee as a give and take relationship. It show the correlation of "employee bringing" and "organizational offerings". A well-structured employee value proposition consist of good rewards, career, environment and culture in the organization.

If offerings and benefits which are provided by the organization are more than the employee expectations can result in higher satisfaction, commitment and retention which transforms the organization as a "great place to work" from the employees perspective. Every employee segment may have different needs and may require a different set of offerings and benefits which is crucial to make adjustments in employee value proposition of the organization. This require more testing and analysis of employee data for assessment of employee value proposition. Many studies have found that, most of the employees leaves the organizations for reasons other than salary. Hence, it is utmost important to have a differentiation from competitors than just a salary. This is can be achieved with creating a good employee value proposition.

The employee value proposition creation and implementation process developed by the “Talent Smoothie” in the following ways.⁹

- **EVP Creations:** this stage involve the process of data gathering through surveys and then analyzing and synthesizing it to create an employee value proposition which can be tested with continuous feedback and interviews.
- **EVP Implementation:** This is done by finalizing the employee value proposition, designing the priorities and work and operating it by considering HR strategies.

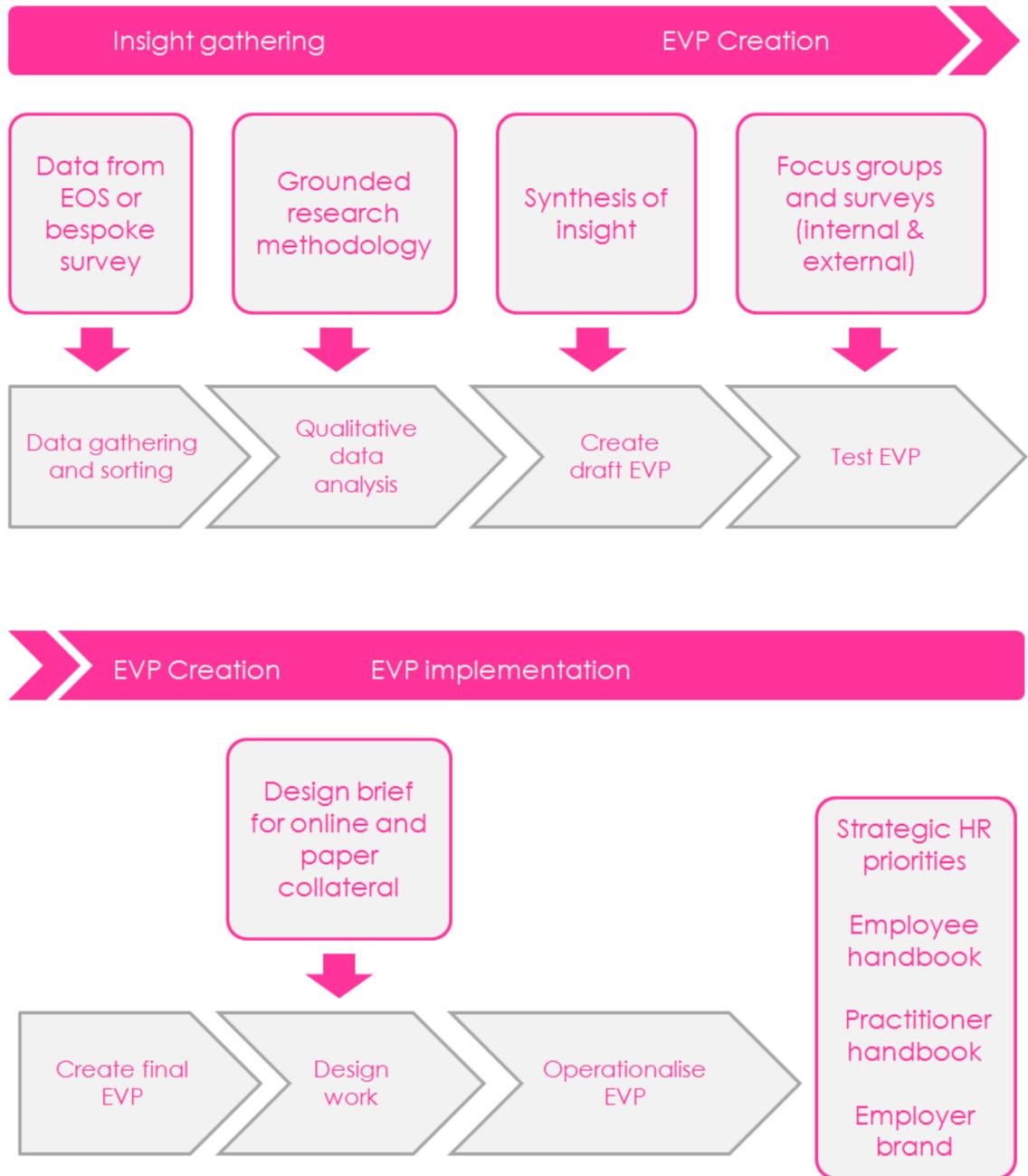


Fig 2.3: Stages in the Process of EVP Creation

(Source: www.talentsmoothie.com)

This process of EVP creation helps to understand the functions involved starting from data collection to implement and operationalize the employee value proposition in the organization.

2.4.2 Framework for EVP:

Employee value proposition provides the integrated approach to implement better strategies for rewards (financial as well as non-financial) in the organization. This helps to frame the employee value proposition for multiple segments of the employees in the organization. The "Sibson" provided their strategical framework of employee value proposition with key areas as follows.¹⁰



Figure 2.4: EVP Framework
(Source: www.sibson.com)

This framework focuses on five major elements i.e. career, work, benefits, compensation and affiliation.

1. **Career:** The opportunities provided to employees for growth, advancement and future development.
2. **Benefits:** The facilities and inducements provided in the form of vacations, retirement plans and health insurance.
3. **Compensation:** The monetary benefits received by the employees for their skills and contribution.
4. **Work:** The contentment and satisfaction because of job and work structure.
5. **Affiliation:** The employee's senses of belongingness towards the organization.

The attribute of the company are analyzed and evaluated by the employees to form their perception about the organization. These attributes may consist of following

- Exposure provided for development of employees
- Good reward management systems
- Outcome oriented culture
- Inspiring and quality leadership
- Career development and professional growth
- World class and innovative products
- Good reputation and business values

It is necessary to be committed to these attributes to become an employer of choice and get distinguished as a unique brand which can drive the results and earn respect in the minds of the employees.

The implementation of this framework needs the investment and time but can results in better results in long term sustainability of the organization. It can be done in following phases.

- 1. Designing the EVP:** Understanding the organizational aspects and by considering employee and organizational needs, define the elements for employee value proposition.
- 2. Implementation of EVP:** As per the organizations needs and attributes, the designed employee value proposition should be implemented across the organization.
- 3. Branding the EVP:** Developing the compelling image of brand and communicating it to customers and employees is vital for the effectiveness of employee value proposition. This can be easily done by integrating technologies in organizational processes for internal and external stakeholders.
- 4. Improving the EVP:** A continuous testing and measurement of employee value proposition is necessary to realize the gap between actual and expected delivery of EVP. Hence, this continuous assessments helps to bridge the gap and improve the employee value proposition.

2.4.3 KPMG Model of EVP:

The employee value proposition goes beyond just a good remuneration practices. A Leading HR consultancy firm "KPMG" has designed a "KPMG 3 factor EVP Model" with most significant for HR fraternity. They have discussed about three groups of factors which are functional, symbolic and intrinsic factors. This model can be used in any organization.

"KPMG 3 factor EVP Model" have a larger impact on organization and employees which must be exercised creatively by HR managers. The Implementation of "KPMG 3 factor EVP Model" requires the understanding and information of aspirations and expectations of the workforce to ensure the better outcomes.¹¹

Below are the groups and factors the 'KPMG 3 factor EVP Model'

Symbolic Factors	Intrinsic Factors	Functional Factors
Image	Autonomy	Compensation
Individual Perception	Innovation	Amenities
Life Style	Entrepreneurship	Career Growth
Service Offerings	Competency	
	Task Challenge	

Figure 2.5: KPMG 3 Factor EVP Model

(Source: www.kpmg.com)

"KPMG 3 factor EVP Model" is significant for HR practitioners to provide solutions to problems in the organization by realizing the aspirations and expectations of employees from all across the globe. The survey of employees for significance of factors of employee value proposition for different countries is studied by corporate leadership council.

As every country have different demographics, environment and needs. Hence, this model have also further studied to understand the priorities of these factors in different countries. They have considered three countries under the study namely, India, China and Japan in the following Table

Rank	India	China	Japan
1	Future Career Opportunities	Compensation	Compensation
2	Compensation	Development Opportunities	Work-Life Balance
3	Development Opportunities	Future Career Opportunities	Organizational Stability
4	Organizational Stability	Meritocracy	Vacation
5	Job Interest Alignment	Health Benefits	Location
6	Respect	Job Interest Alignment	Technology Level
7	Work-Life Balance	Respect	Job Interest Alignment
8	Innovation	Organizational Stability	Organizational Growth Rate
9	Recognition	Industry	Development Opportunities
10	Organizational Growth Rate	Retirement Benefits	Product Quality

Figure 2.6: Country wise EVP Attraction Drivers

(Source: www.manpowergroup.com)

Employee value proposition have wider ability for transformation of HR functions and job experience for all levels of employees in the organization. In developed countries, most of the companies have a good employee value proposition acts a differentiator to ensure the effectiveness of organization. However, the ideology of employee value proposition is not firm in developing countries like India. The above figure gives the insights to design and implement the appropriate employee value proposition in the organization. That will also enable the organizations to segment employee value proposition as per the country of workforce, specific skillsets of employees and best talent.

The rapid changes in employee's expectations, demographics and talent availability in the market the problems of attraction, engagement and retention will always be there. Managing the pricing and cost are also the major issues for organizations. Hence, employee value proposition can address all these challenges effectively in long run. The sustainable development of organizations can happen through a well-designed employee value proposition.

In order to attract the quality talent, organizations need to attract and develop the compelling employee value proposition which is a sum of offerings returned for the employees' experience, time, commitment and efforts to achieve business goals. Organizations need to have a formal employee value proposition which is documented, evaluated and communicated for employees.

Employee value proposition is nothing but an assurance to employees for their rewards, growth and policies which creates an enriching employee experience. The fulfilment of these objectives of employee value proposition from the employee's viewpoint leads to the generation of a powerful employer brand. A good employee value proposition also links the offerings and benefits to the organization's strategy with proper policies. This provides more actionable elements to organizations to work on best practices.

In the current dynamic business environment, employees are looking for a security of job and reducing the associated risks. The employee value proposition helps to deal with these aspects with flexibility and support. The recession in businesses also puts more pressure on organization's strategies and policies which is responsible for ensuring the right balance between all internal and external stakeholders.

The organization's profit or success does not mean a good employer brand but integrating a good employee value proposition can create an influencing brand. Organizations need to look at their own strengths, weaknesses, available opportunities and threats in business. Along with this, the competitor's analysis is also equally important to develop a differentiating employee value proposition. This can be achieved by synchronizing the work and efforts of marketing and human resource departments of the organization to share with internal and external stakeholders. Winning the employee's loyalty, commitment and sense of obligation is the most crucial aspect of employee value proposition.

As thorough these aspects of employee value proposition the organizations can understand the need and expectations of employee value proposition from different dimensions.

2.4.4 Organizational Model of EVP:

Study of various organizational attributes of the organization leads to design the well-aligned employee value proposition. This consist of organizational values, culture, strategies and objectives to deliver the promises.¹²



Figure 2.7: Model of Organizational Components of EVP

(Source: <https://lup.lub.lu.se>)

Organizational Objectives: They are driven by activities to achieve the medium and short term goals of the company. They are responsible to shape the organization’s structure, policies and rules with available resources. Success of organizational objectives is ensured only with good employee value proposition.

Organizational Strategies: It is a combined set of actions to attain the organizations objectives. The strategies helps to achieve a long term effect on the profitability of company. The success of the organizational strategies needs the efforts and involvement from everyone this can only be done through a unique employee value proposition in the organization at all levels.

Organizational Values: It is a set of values theta guides the actions and perspective of the organization. Establishing these values held by the company can help form its culture. The organization comes together with all its elements to solve the problems as a part of its values. This organizational values can form an employee value proposition in the organization.

Organizational Culture: It is a process of sharing the vision, values and assumptions to form a common environment in the organization which affects the behavior of people. This environment have a positive effect on all work attributes in the organization which enables to a good employee value proposition.

All these components are equally important for successful designing, development and implementation of right employee value proposition. There is a relationship between employee value proposition, employer branding and talent management in organization.



Figure 2.8: Relationship between EVP, EB and TM
(Source: Holm, I., & Hutsch, L. A., 2016)

The employee value proposition is a tool of employer branding and talent management in the organization as follows.

- The employer branding can happen through internal and external marketing of employee value proposition. Hence, it is necessary to design appropriate strategies for internal communication as well as external communication.
- The talent management is based on the strength of employer brand and the alignment of employee value proposition to all levels of employees.
- Talent management can be assure the development, keeping and attracting key talent in the organization.

There is an effective link between employee value proposition, employer branding and talent management in the organization.

2.5 Getting the Right EVP:

The organizations capability to get the talented employees, maintaining them for longer and getting more efficiency and productivity is done through employee value proposition.

The experience which an employee gets in the organization is most crucial element for bridging the gap of employer and employee. The employee engagement and dedication is an outcome of employee value proposition.

The strength of employee value proposition lies in its ability to develop an environment where both, employee and employer cares for each other

A study done by Tower Watson expresses the following concerns for most of the organizations which can be managed through employee value proposition.

- More that, 70% of top organizations are facing challenges to attract the skilled employees.
- Less than 20% of organizations have designed the differentiation in employee value proposition than their competitors.
- More than 50% of workforce found to be well engaged in organizations with compelling EVP.
- Less than 20% of employees are properly engaged in organizations having less EVP.

This signifies the need for developing the unique and compelling employee value proposition in today's dynamic business environment.

The EVP can be customized for different employees in terms of their background, demographics and levels which can help to develop the highly supportive culture for achieving great results. The unique employee value proposition really change the way the employee's perspective, thinking and attitude about the company.¹³

To move to the advanced level of engagement and retention companies need to modernize their perspective, accurately understand their employees and restructure their employee value proposition.

2.5.1 Building a Compelling EVP:

Many organizations lose the chance to develop the employee value proposition and improving overall results. As per the research by Global ROI, it is found that, less than 50% of the companies under the study are developing their employee value proposition. This highlights that, organizations have not realized the power of employee value proposition. Hence, there should be right training provided to top leadership to understand the importance of employee value proposition. They have also expressed that, with effective EVP, employee engagement can be enhanced by 5 times and capacity to improve the financial performance by 2 times. Hence, “employee value proposition is one of the best tools available for companies to engage employees, as well as attract and retain top talent”.¹⁴

The employee value proposition is the essence of an employment deal between employer and employee. It is a set of promises made to employees for their performance and efforts for company. Companies which need to develop a compelling employee value proposition needs to prepare an implementation plan by involvement of top management and developing transparency across the organization. Managers should also take proper training to assess and evaluate the effectiveness of employee value proposition for different employee segments.

Realizing the employer brand, measuring the employee engagement, evaluating the talent attraction requires better understanding and intelligence about the business and employee needs. Right alignment of talent and brand will provide the encouragement, direction and confidence to employees towards the organization.

Achieving the employee satisfaction in lower cost needs an effective employee value proposition. This can be communicated to all stakeholders of the organization for developing a sustainable employer brand. To have a compelling employee value proposition companies need to do the following.

1. Understanding employees and customers needs to develop the enriching experience through employee value proposition.
2. Involving top management in the process of developing and implementing the employee value proposition.
3. Designing the steering committee to monitor, measure and evaluate the employee value proposition.
4. Integration of employee value proposition in the business strategy of the company.
5. Alignment of employee value proposition as per the market and competitive environment.
6. Making the require changes in HR related aspects like policy, regulations or rules in the organization for better fitment of employee value proposition.
7. Ensuring the promises made in employee value proposition are delivered correctly.
8. Continuous feedback for understanding the status of employee value proposition.

Organizations can understand and use above aspect to effectively design a compelling employee value proposition which yield better results and ensure a long term sustainability in business.¹⁵

2.5.2 Developing an EVP:

The organizations strategic dimensions shows its uniqueness which is supported through employee value proposition. This enables to attract, retain and engage the talent and generates the maximum returns.

There should be transparency and clarity in employee value proposition in the organization. This gives the direction and aspiration to employees and creates trust and obligation in the mind of employees towards the company.

The components for development of employee value proposition are internal communication, engagement, recruitment, HRM strategy, corporate brand and employer brand.



Figure 2.9: Components of Employee Value Proposition
(Source: www.talentsmoothie.com)

The employee value proposition should be well articulated that will appeal to employees. It should be relevant and unique which represents the sum of the organizational processes and represents its reputation and brand. This supports to attain the complete objectives of the firm.¹⁶

1. **Internal communication:** It is sharing of information between organizational associates or elements which takes place across all levels of management and components of an organization.
2. **Recruitments:** It is a process of sourcing of new employees in organization through HR function, which can change as per organizational structure.
3. **Engagement:** It is the level at which employees feel passionate about their jobs, committed to organization, and gives the best efforts into their work.
4. **HR Strategy:** It is designing the ways to achieve the objective, taking responsibilities and ensuring the achievement of goals to attain the future needs of the organization.
5. **Corporate brand:** It is a practice of promoting the brand of a corporate entity. This is a recognition of the name of the corporate specifically in the marketplace. The scope of a corporate brand is much broader.
6. **Employer Brand:** It is an identity of a company as an employer of choice. This can help to attract future talent and develops identity which is distinctive and relevant.

2.6 Strategic Aspects of EVP:

To drive forward and make the organization successful, it is utmost essential to have effective employees in the organization and they can be easily attracted with good employee value proposition. Developing an Employee value proposition can act as a differentiating strategy for organizations to ensure the availability of right people with right skills. Employee value proposition acts as a connecting link between employee and employer.

Motivating employees in today's business environment is much difficult but employee value proposition can help the businesses to ensure and deliver the motivation to employees this results in higher outcomes. Channelizing and minimizing the recruitment cost and efforts is equally important for organizations which can be ensured with well aligned employee value proposition.

It must be understood that, the value of the organization is maintained by employees and not by themselves. The unique stand of the organization in the marketplace is made with employee value proposition. Hence, market value of organization is enhanced through employee value proposition. Employee value proposition can also provide improved financial outcomes but require time and investments from the organizations.¹⁸

The majority of the employee value proposition is based on institutional and reward aspects of the organization. A satisfied, engaged and motivated employees can refer to other employees and become an advocate of the organization which results in following outcomes.

- 1. Reaching to Unreached:** A good employee value proposition helps the organizations to reach to unreached places and individuals which marketing efforts can't reach. This happens to employee advocates and good word of mouth.
- 2. Re-inspiring Employees:** Understanding the requirements of employees can help to again inspire the employees which strengthens the trust and commitment of workforce.

3. **Finding Niche Employees:** Employee value proposition addresses to different segments of employees. It helps to focus on the real needs of different employees and provides the right alignment to fit them in the organization. Sometimes, it is difficult to find the person with niche skills hence, employee value proposition can help to organizations in that aspect.
4. **Decreasing the salary based competition:** Employees don't just work for remuneration, they also need for fulfilment from the organization. A right employee value proposition can reduce this competition based on salary in the marketplace.
5. **Refining the hiring goals:** The greater knowledge about the requirements from employees, it becomes easy for HR department to design their processes and employee value proposition shares the compelling offerings to employees.

Developing a strategic employee value proposition requires more energy, investment and time from the organizations to understand, identify and realize the elements for the employee value proposition. This can help to have better profitability and sustainability for the organizations in future.

2.6.1 Measures of Employee Value Proposition:

Nowadays companies are focusing on enhancing the employee and customer experience as their employer brand strategy. This strategic orientation helps to align the brand to the available talent shortage. The employee value proposition is linking the organizational brand elements i.e. internal brand, employer brand and corporate brand. The employee value proposition can measure of the following aspects.

- **Defining the EVP:** Organization's corporate brand helps to promote the whole company and it is also aligned with the strategic objectives of the company. The employee value proposition constitutes all components for the employee's perceptions and expectations for a great place to work.
- **Budgeting for EVP:** Organizations need to understand the investment and budget for developing their employee value proposition. Organizations will always think of profit but the money spent on the EVP project will provide the long term profitability and sustainability for the organization.

- **Return on Investments:** The employee value proposition aids the businesses to maximize the return on investments through competitive advantage. There can be initial investments which may seem large but it is more beneficial in long term profitability. It is equally track and monitor the employee value proposition and its returns.
- **Key Performance Indicators:** The effectiveness of employee value proposition can be seen in employee surveys, understanding the attraction and decrease in attrition. Organizations can also understand the key performance indicators using HR matrices for employee value proposition.

It is most essential to measure the employee value proposition to understand its status and assess its effectiveness in current dynamic business situations to take decisions and become competitive in all aspects thereby developing a good brand of the organization.¹⁸

A study done by LinkedIn found that, the well-designed employee value proposition leads to a good talent brand which attracts more talent and also has the following organizational benefits

- A good talent brand attracts top 50% of quality talent from the market.
- Organizations having a good talent brand found 28% lesser turnover.
- Better talent brand also reduces the hiring cost by 50% per recruitment.
- More than 55% employees feel that the company's reputation as a great place to work is more important than any other factor for changing jobs.
- Highly engaged employees are 48% more committed to achieve the organizational objectives.
- More than 90% of CEOs feel that, they need to change their talent brand strategy.
- Good talent brand contributes by 38% better financial performance than their competitors.

This shows the importance and need for the creation of a good talent brand for the organization which has the potential to transform the organization. Hence, it is much more worthwhile to develop the employee value proposition in today's business environment.¹⁹

2.6.2 Consequences from EVP:

Employee value proposition acts as a power tool to deal with various challenges of the organization. Today's market is becoming more global and dynamic which can have impact on employees which can be effectively management through the compelling EVP. A successful organization provides a better workplace and differentiated experience and a better career path to employees which can be adopted using a well-designed employee value proposition.

Majorly, companies have a well-defined employee value proposition to:

- Motivate, attract and retain the right quality talent
- Provides the base to the company's culture.
- Provides the link between the employee brand, leadership brand and company brand.

The major consequences of employee value proposition can have major impact on organizational performance. Along with that, it can also related to the following aspects

1. Employee value proposition should be transparent and clear otherwise it may lead to losing the trust of employees.
2. Employee value proposition must be real to employee otherwise it can affect the commitment of employees.
3. Employee value proposition should have proper segmentation as per the employees otherwise it can increase the employee dissatisfaction.
4. Employee value proposition should be adaptable as per situation or location.
5. Employee value proposition should be properly implemented as per organizational needs with specific processes, guidelines and regulations.

Employee value proposition can have lots of benefits but it is not designed and implemented properly it can lead to many issues in the organization.²⁰

2.6.3 Challenges for developing EVP

Over the past decades, a large part of the value attributable to companies has shifted from tangible to intangible assets, and employees have become the principal driver of these assets because they have more information, more choices and lower switching costs than ever before. As a result, a company's ability to attract, retain and engage talent has gone from nice to necessary.

Success of employee value proposition depends on many organizational factors and it faces challenges from different domains as follows.

1. **Need of marketing excellence:** Expertise is required in segmentation, insight, brand positioning and brand activation, yet EVPs are often driven and owned by the HR team who may not have all the above capabilities needed.
2. **Stakeholder engagement:** Lack of stakeholder engagement will seriously undermine the ability of the EVP to gain commitment and traction within the business and hence its ultimate effectiveness.
3. **Research is needed:** Companies tend to fall back on existing research, but rarely has it been designed to uncover springboards for genuine EVP insights and propositions.
4. **Avoid internal focus:** EVPs can be overly introspective and tactical, undermining their differentiation and ultimate impact.
5. **Discerning audience:** EVPs offer a promise that needs to be delivered, employees are no less discerning than customers of a company's brands.
6. **Communication:** An EVP is not an end in itself, it needs to be brought to life internally and externally through many touch points. The challenges are real but the benefits immense. Employee Value Propositions offer a key marketing tool to enable employers to attract and retain the right talent and to build the competitive edge needed to drive growth.

To do this effectively, companies will have to throw out simplistic notions and measures of employee satisfaction and step up to understanding and building superior employee value proposition.²¹

2.7 Summary

Employee value proposition is an integrated approach of human resource and marketing management in the organization. Employee value proposition is also called as a tool of talent management and employer branding of the organization. Employee value proposition is an organizational strategy focused and aligned with current and prospective employees. In order to develop a good brand and increase the talent attraction of the organization the employee value proposition should be compelling and unique. Hence, to become an employer of choice for the employers needs to transform the HR functions of the organization through a well-defined employee value proposition which results in better attractiveness, commitment and profitability.

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