

Employee Value Proposition and Its Importance in Post-Pandemic Times for Organizations

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Chapter Objectives

This chapter will highlight the meaning and definition of Employee Value Proposition (EVP), discuss its importance to organizations, evaluate how EVPs become critical in acquiring and managing talent, and examine the role of EVP in the post-pandemic times from an employee satisfaction standpoint.

Definition of EVP

While there have been several definitions made to understand the term Employee Value Proposition, two pertinent definitions will be presented here, one from a talent management perspective, and another from a business strategy standpoint.

Employee Value Proposition defines the 'give and get' of the employment agreement, which can be meticulously associated with the notion of employer branding and talent management by delivering appropriate employee experience. [1]

Also, the Employee Value Proposition is the complete offering the company makes to its prospective and current employees in return for their best efforts and assures them of stability, transparency, and engagement at every stage. [2]

From the above definitions, EVP can be looked at either as a talent management tool to attract and retain top talent, and in some cases, dependent on how the organization intends to position its EVPs, it could also be a strategic tool engaging employees throughout their employee life cycle by providing information through the appropriate channels and creating an air of transparency, ensuring employee commitment to work and satisfaction levels are maintained effectively.

Employee Engagement in the Post-Pandemic Times

The pandemic created tremendous work-related changes and it also resulted in several HR policy changes across organizations. Be it extended work from home options, flexibility to employees, counseling support to employee and employee groups, organizations have had to balance engagement initiatives and worker productivity, ensuring organizational performance remains top-notch. While during the pandemic, several employers got affected, some having to downsize, while a few others resorted to furloughs, downsizing etc. it is in the post-pandemic times that organizations have had to rethink and reevaluate their employee engagement strategies. EVPs have played a crucial role in ensuring engagement levels are optimal and employees feel valued through such propositions that were carefully crafted, keeping in mind the post-pandemic situations, that demanded flexibility, empathy, and a greater understanding of employee needs and wants.

Reference [3] has proposed a V-5 model of employee engagement during the pandemic and post lockdown. The five elements are Value, Voice, Variety, Virtue, and Vision. Against each of these aspects, corresponding value propositions have been highlighted along with operating definitions of each of such value propositions based on existing literature. The first element 'Values' indicate how an organization creates a positive work culture as a proposition, 'Voice' encapsulates how feedback and support is provided to employees continuously, ensuring productivity is managed effectively. 'Variety' on the other hand considers several aspects of the job, be it task identity, task significance, autonomy, and task variety, ensuring each job is carefully crafted, tapping into the skills and competencies of employees', 'Virtue' highlights qualitative aspects that an organization stands for in terms of how it intends to build its own brand value – be it trust, justice, harmony – the intent here is to create the highest levels of transparency, promoting citizenship behavior. The 'Vision' element on the other hand carefully explores goals and clear articulation of the same at various levels, be it individual, department, or organizational level.

Human capital continues to be one of the most important investments that any organization can make to obtain and retain a competitive edge over peer firms within the same sector. Engaging employees effectively through well defined value propositions that not only will attract the best talent but also promote intent to stay and reduce attrition rates. Reference [4] point out that for any organization, one of the prerequisites for success are its people and how they remain motivated at work. An important value proposition that keeps employees engaged and productive at the workplace is their compensation and benefits. According to Reference [5], employee compensation and benefits include all forms of pay going to employees and arising from their employment, besides their regular wages or salaries, and include both direct financial payments and indirect financial payments. When an organization can differentiate themselves through this element, they not only attract, but also retain top talent. While money alone does not motivate anymore, and this could be applicable across sectors, organizations focus on creating compelling value propositions that will keep employees engaged with the organization for longer tenures, promoting employee satisfaction. According to a survey by Reference [6], there were important correlations between compensation and benefits and job satisfaction that was highlighted, where 92% implied compensation and benefits were critical to their job satisfaction; as well as compensation and benefits and employee retention, where 29% indicated that the package of compensation and benefits offered would affect their choice of looking for another company to work for, while 32% stated that the reason why they loved working in the company was exactly the benefits and compensation they received. The pandemic impacted the

compensation and benefits function due to lost revenues and increased costs for organizations [7], and several benefits had to be reconsidered, while pay hikes became an issue. As part of meeting employee requirements whilst ensuring their safety and wellbeing, organizations had to consider flexibility to work remotely and even though this was a major decision point and entailed discussions, employees were also looking for increased paid time off options [8] to balance the emotional and mental stress that the pandemic brought along. While all these factors played up with different intensities across organizations, employee engagement during and post pandemic garnered great significance and EVPs had to be carefully constructed to meet changing employee needs and required customization to meet specific needs of employee groups within an organization. Results of the post-pandemic clearly indicated “flexibility” as the most preferred benefit from employees. The Society of Human Resources Management [9] supports this finding by saying that “Employees are caregivers,” and it is time that this view is both supported and encouraged.

Rationale Behind Building and Communicating a Strong and Compelling EVP as part of Engagement

The importance of building a strong and compelling EVP as part of employee engagement will be explored in detail. In this section, it is critical to first establish a rationale behind introducing EVPs as part of engagement to both attract and retain top talent. While the benefits to an organization are plenty, the EVPs must be communicated to employees using appropriate channels and at the right times. Strategically, a decision to either introduce the EVPs in the labour market can be done, or organizations could choose to highlight specific generic EVPs as part of their employer brand, while allowing for the rest to be communicated once the resource joins the organization. KPMG while suggesting the 3-factor model of EVP have highlighted some benefits of a well-articulated EVP, and they are:

1. Contributes to improved organizational imagery
2. Extend the company’s brand and overall appeal
3. Enhances employee commitment and engagement
4. Helps the organization develop a competitive edge that is difficult to imitate
5. Aligns personal values and extends emotional contract
6. Increases the level of employee referrals

The KPMG 3-factor EVP model deserves attention of all the HR professionals. The three factors in the model are termed as symbolic, intrinsic, and functional factors. Each of the three factors has specific attributes which are displayed in Table 1. The ‘KPMG 3 Factor EVP Model’ seems context neutral and simple which can be applied in any organization.

Table 1: KPMG 3-Factor EVP Model

Symbolic Factors	Intrinsic Factors	Functional Factors
Image	Autonomy	Compensation
Individual Perception	Entrepreneurship	Amenities
Lifestyle	Innovation	Career Growth
Service Offerings	Competence	
	Task Challenge	

Source:<http://www.kpmg.com/estafrica/en/IssuesAndInsights/ArticlesPublications/Documents/Employee%20value%20proposition.pdf>

One of the models that also need to be highlighted here is by Reference [10] who in his study on the mental states of individual engagement and disengagement at work, found that there were three mental conditions connected with engagement or disengagement at work: seriousness, wellbeing, and accessibility. These elements can well be translated into value propositions by HR and business leaders, more so, post the pandemic. While employee wellbeing has been accentuated owing to the pandemic, seriousness could be measured by commitment levels, based on satisfaction surveys and by strengthening employee voice. On the other hand, accessibility could be enhanced by creating a culture of open communication, flat hierarchies, and in terms of benefits becoming technologically rich, to an extent where employees can access their work anywhere, anytime. Engaging employees through carefully crafted EVPs becomes extremely essential for organizations to obtain and retain a competitive edge.

EVP as a Means to Strengthen the Employer Brand

Employee Value Proposition (EVP) is the equalization of the rewards and benefits that are received by employees because of their effective execution of work at their respective organizations. Companies for the most part create EVPs to give a reliable stage to employer brand communication and experience management. In doing so, organizations create compelling reasons for their existing and prospective employees to feel that they are novel, engaging, and phenomenal, thus impacting the overall ‘Employer Value Proposition’. Reference [11] have characterized employer branding as the development and communication of an organization's culture as an employer in the commercial centre. It is the bundle of practical, monetary, and mental benefits obtained by employment, and related to the utilizing organization. It passes on the "value proposition" the totality of the organization's culture, frameworks, demeanours, and employee relationship alongside urging people to grasp and share objectives for achievement, profitability, and fulfilment both on individual and professional levels. Employer branding is a recognizing an applicable open door for an organization to separate itself from its peers making its branded variables as its unique selling proposition (USP) for employee fulfilment and bliss

bringing about retention, profitability, and proficiency. As indicated by Reference [12], employer branding is a long-haul system to deal with the mindfulness and view of employees, potential employees, and related stakeholders concerning a specific firm.

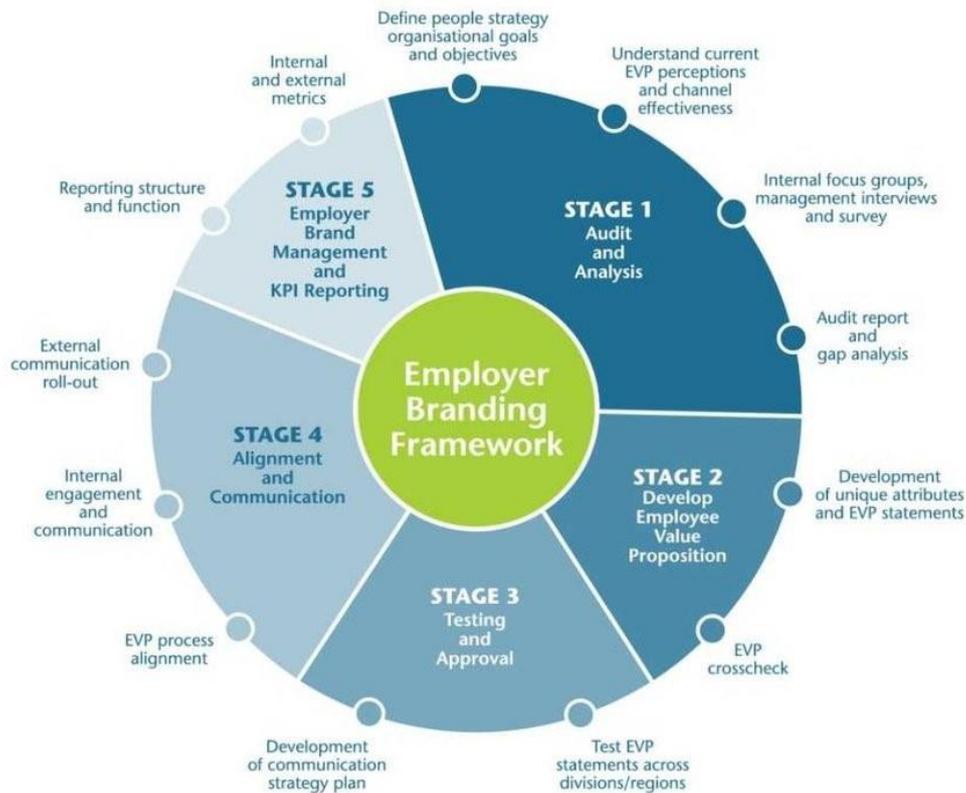


Figure 1: Employer Branding Framework

Source: www.therightgroup.com.au

Most organizations invariably face either or both challenges namely:

- 1: Organizations are unable to differentiate themselves from competition. The USPs do not seem to attract top talent, and this reduces the competitive edge for it is invariably people who innovate and become reasons for continuous improvement.
- 2: The employer brand is appealing, but in all earnest, does not reflect what the organization stands for.

It is extremely significant to note that before the employer brand is elevated to the customers, it must first be celebrated by the employees. The employees become the ambassadors of the employer brand and communicate the brand values with customers and clients, apart from other stakeholders. The communication about the organization being an extraordinary work environment in the minds and hearts of existing and prospective employees is at the core of employer branding. However, at the very centre of employer branding lies creating and communicating the EVPs which is impacted by organizational culture, practices, values, initiatives, talent, and reward programs [13]. Developing a strong employer brand is a process where the organization articulates its vision, mission, and objectives creating a certain brand perception, hopefully a desired one. This must now be strengthened internally through employee experiences, work practices, procedures, leadership, and values. Once this is reinforced effectively, the outcomes could encompass heightened levels of employee satisfaction, pronounced employee voice, increased work commitment levels, and extended tenures, enhancing the overall imagery of the organization. This in turn is then communicated at various forums including the labour market, on organizational assets including websites, and in practices such as orientation sessions, exit formalities, all with the intent of making the employer brand strong through carefully crafted EVPs that promote both employee attractiveness and retention.

While the reasons behind implementing a strong employer branding strategy are plenty, some of the top reasons include the following:

- 1: Enhanced diversity and inclusion, promoting the organization's image as an equal employment opportunity provider
- 2: Increased high-quality job applicants and the tendency to build brand equity
- 3: Reduced attrition and increased intent to stay with the organization, for replicating the EVPs might be a challenge for other firms
- 4: Lowered cost of hiring and other operational expenses
- 5: Sustained growth, leading to steady increase in profitability, subject to continuous innovation and right investments in people

6: Increased loyal customer base, based on product/service quality, buying experience, and the communication of brand values by employees as the face of the organization

Despite the EVP being around for quite some time, several organizations are yet to value the significance of having a solid EVP as a means for enhancing the attractiveness of the organization in the job market, making it relatively easy for the organization to hire talent from a more profound section of the work market [14]. In addition to this, most EVPs built and implemented by different organizations do not cater to employee inclinations, creating a disconnect between what the employees want in return for their skills, based on contemporary requirements, especially post the pandemic to what the HR believes employees' value. EVPs must have the flexibility to be customized to suit needs of specific employee groups within any organization. Using the EVP, organizations must be able to strengthen their brand positioning and imagery by highlighting how the aggregate work experience with them is far superior to others, and this by itself becomes a means to attract and retain top talent [15].

The steps to build an effective employer branding strategy, keeping in mind the EVP at the very core are as explained in Table 2.

Table 2: Steps to Build an Effective Employer Brand Strategy

Source: www.haiilo.com

Steps	Particulars
I	Define the EVP
II	Identify and understand current and future talent requirements
III	Define specific employer branding goals and objectives
IV	Understand person specifications and candidate personalities and evaluate job fitment
V	Optimize employer branding channels – Website, Online professional networks, and Social media
VI	Effective employee engagement
VII	Obtain leadership buy in
VIII	Create positive employee/candidate experiences
IX	Constantly measure and monitor branding success and optimize according to changing organizational needs

Importance of EVP

While the importance of EVP and developing a strong employer brand has been examined in the previous section, the holistic importance of EVP post the pandemic needs to be highlighted. Organizations must be willing to explore EVP drivers and strengthen their talent pool, giving them the strategic advantage over other competitors, enabling long term sustenance, business continuity through excellence in innovation, and continuous improvement, creating a very strong brand presence both nationally and internationally. It is critical to note that with globalization and reduced geographical boundaries, top talent is being attracted to organizations across nations and beyond. Roles and positions are being filled based on job fitment and while countries continue to provide primary employment opportunities to their citizens, employees from different parts of the globe are also being welcomed into their fold, promoting global diversity and inclusion. Organizations are doing this as part of promoting themselves as fair and transparent employers, with focus on equity, diversity and inclusion, an integral element that measures organizational accountability towards good governance, best-in-class practices, and people-friendly policies and frameworks.

The salient benefits of a carefully crafted EVP include the following:

- 1: Increases the ability of an organization to attract and retain top talent
- 2: Strengthens the employer brand by positioning the organization as an 'Employer of Choice'
- 3: Provides an opportunity for the organization to differentiate itself in the job market, through unique value propositions that will demarcate the organization from its peers, thus enhancing brand equity
- 4: Through customized EVPs, organizations will be able to hire specific talent groups across geographies
- 5: With the right focus on people, organizations tend to strengthen its ability to continuously innovate and excel in creating products or services, based on customer needs and wants
- 6: Organizations can build their brand by showcasing its people as one of its core strengths and unique differentiators, thus strengthening the people brand for the company
- 7: When the EVPs are highly attractive, the cost to hire candidates in terms of paying a premium for top-level candidates reduces
- 8: Organizations through their EVPs can engage their existing employees and by this, employee productivity, employee commitment, employee loyalty, and organizational citizenship behaviour enhances
- 9: Strengthens the talent acquisition and management arm of the HR functionality
- 10: Improves the overall standing of the organization, creating pathways for word-of-mouth marketing to promote the organization positively

11: Promotes intent to stay with an organization as there are chances that the EVPs currently on offer may not be available as a full stack with any other employer

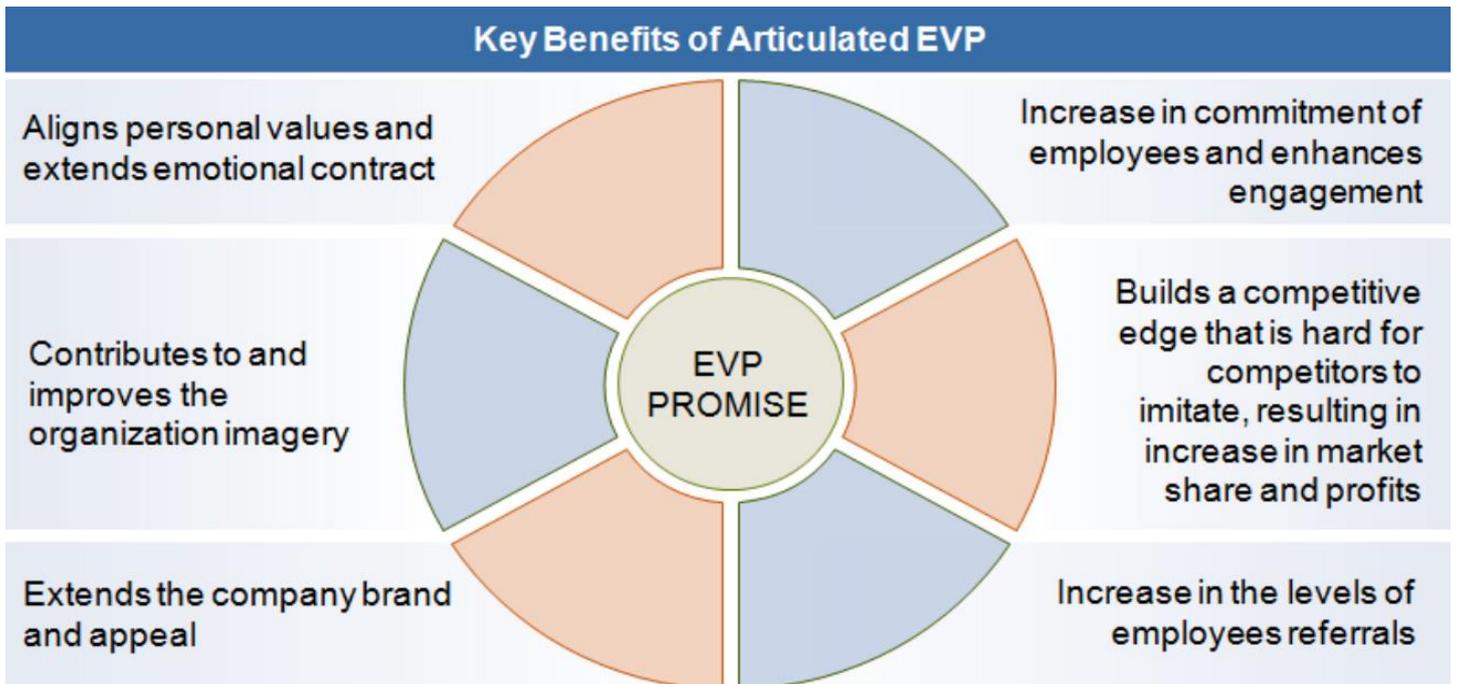


Figure 2: Key benefits of a well-articulated EVP

Source: <https://kpmg.com/ke/en/home.html>

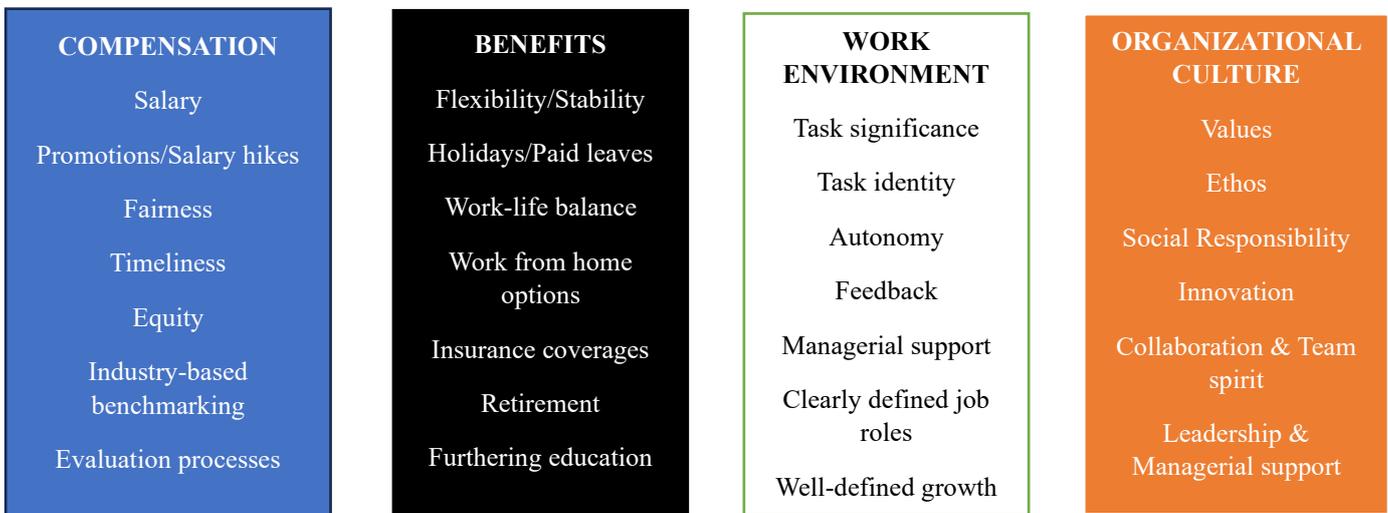


Figure 3: EVP: What's in it for me? (WIIFM)

Source: Author's Construct

While there are several organizations that have benefited by creating compelling EVPs, it is critical to examine how organizations must go about creating EVPs that are accepted and appreciated both in the labor market and by existing employees. Some of the important aspects that need attention are as follows:

- 1: A good start point would be employee surveys through which the positives and not-so-strong areas get highlighted
- 2: Strengthening employee voice – Organizations must obtain regular and timely feedback from employees and groups within organizations in terms of what works for them and what does not. This can be done through departmental meetings, HR round tables, exit interviews etc. Using this data along with the employee satisfaction surveys, EVPs can be worked on.
- 3: While internal data helps in creating the EVPs to some extent, business intelligence in terms of what total rewards are being offered by competitors can also be gathered. Compensation benchmarking surveys as an example to determine pay percentiles in a specific market segment is a good example.

4: Critically evaluate the talent acquisition strategy – This will enable an organization to determine the different kinds of people the organization requires. Based on these broad employee groups, EVPs can be further finetuned.

5: Be critical yet unique – Organizations must make critical choices based on data. However, the EVPs must be uniquely positioned for them to be compelling.

6: Test the EVPs that you intend to introduce – By testing, an organization will get access to first-hand information on whether the EVPs are being accepted by employees’ at large and by specific employee groups. This will further enhance the ability of the organization to customize its EVP offerings.

7: While designing the EVPs are important, deciding on the communication strategies are equally crucial. The communication of EVPs by itself requires careful strategic thinking, and this must be done as a separate activity prior to launching the EVPs either internally or in the labor market.

Table 3: EVP examples

Source: <https://workology.com/employee-value-propositions-evp/>

Name of the company	EVP Captions
Bark	Be the person your dog thinks you are
Hubspot	We’re building a company people love. A company that will stand the test of time, so we invest in our people and optimize for your long-term happiness.
Yelp	We work hard, throw Nerf darts even harder, and have a whole lot of fun.
Goldman Sachs	At Goldman Sachs, you will make an impact.
Google	Do cool things that matter
PwC	From empowering mentorships to customized coaching, PwC provides you with the support you need to help you develop your career. You’ll work with people from diverse backgrounds and industries to solve important problems. Are you ready to grow?
Honeywell	You can make a difference by helping to build a smarter, safer and more sustainable world
L’Oreal	Lead the future of Beauty. When you love your work and the people you work with, amazing things can happen.
Shopify	We’re Shopify. Our mission is to make commerce better for everyone – but we’re not the workplace for everyone. We thrive on change, operate on trust, and leverage the diverse perspectives of people on our team in everything we do. We solve problems at a rapid pace. In short, we get shit done.
Nike	We lead. We invent. We deliver. We use the power of sport to move the world

Conclusion

This chapter has examined the definitions of EVP, its importance in the post pandemic times, how EVPs promote engagement and strengthen the employer brand by becoming an integral part of the overall brand value. While organizations have a lot to benefit from the EVPs, it is critical for organizations to determine how they will arrive at the EVPs and also communicate the same through recognized channels both among existing employees and new hires, at the job market, creating a unique differentiation, enabling candidates to take informed decisions, resulting in developing a ‘people brand’.

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