



# REVIEW OF RESEARCH

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## EFFECTIVE HUMAN RESOURCE MANAGEMENT WITH EMPLOYEE VALUE PROPOSITION

**Dr. Santosh Shinde<sup>1</sup>, Dr. Nitin Zaware<sup>2</sup>, Dr. Avinash Pawar<sup>3</sup> and Dr. Santosh Aptet<sup>4</sup>**

<sup>1</sup>Associate Professor, PCET's Pimpri Chinchwad College of Engineering, MBA Dept. Nigdi, Pune.

<sup>2</sup>Director, Rajeev Business School, Tathawade, Pune.

<sup>3</sup>Assistant Professor, Rajeev Business School, Tathawade, Pune.

<sup>4</sup>Assistant Professor, Janki Devi Bajaj Institute of Management Studies and Research,(JDBIMSR)

### ABSTRACT:

The Employee Value Proposition represents the perceived overall deal between employer and employee. The employer makes an offer to the employee (or the give) and expects contributions (or the get) from the employee in return. The inducements and contributions consist of mutual obligations and promises. Inducements typically concern things such as career progression, organizational support, fair and transparent performance management and more tangible things such as pay and holiday entitlements. Contributions relate to things such as working hours, being an advocate of the employer within and outside the organization, bringing skills, enthusiasm and entrepreneurship to productive work. Importantly, within the overall deal there are nested deals operating at different levels of the organization, such as the tailored, workable arrangements forged between 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 that an employee receives in return of the performance that he gives at the workplace in the organization. Manpower Planning: Manpower planning is defined as putting the right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of organizational goals. EVP is at the core of all other organizational processes. The characteristics of the EVP need to be reflected in the corporate and employer brands. This paper takes the Review of Concept of Employee Value Proposition and its relationship with Human Resource Management



**KEYWORDS:** Employee value Proposition, Human Resource Planning, Compensation, training, Career Planning, Human Resource Management, Employer Branding

### 1. INTRODUCTION

“Employee Value Proposition” will be a straightforward statement defining how the organization will satisfy the employee’s requirements. The

manner and degree to which this Proposition is aligned with the purpose of the organization, its goals, values, the operating methodology, the management style, the

communication regime, and the opportunities for employee participation will determine long-term outcomes. In other words, an organization’s leadership and culture will

become the pre-dominant factors in predicting its viability.

Employee Value Proposition (EVP) is the commonly used jargon to describe the characteristics and appeal of working for an organization. An EVP describes the mix of characteristics, benefits, and ways of working in an organization. It is the deal struck between an organization and employee in return for their contribution and performance. This “deal” characterizes an employer and differentiates it from its competition. Most organizations 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 best talent in the industry. They struggle to differentiate themselves from their competition. Differentiation is crucial if an organization is to stand out from the “sea of sameness” that characterizes some sectors and make their organization great. The brand might be appealing but it does not accurately reflect the reality. Reality lies in Employee satisfaction and that comes from Employee value proposition.

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 favoring workforce analytics over “gut instincts”. These businesses have learned to take the guesswork out of business decisions by analyzing employee data and using this information 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 organizations 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 organization to stand out as different but also it ensures that the “Packaging” reflects the „contents. All too often people join organizations tempted by the “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 the scope of employer branding. In Indian organizations, where products are getting commoditized, Employee Value Proposition (EVP) is the factor that can distinguish companies. Organizations are realizing that they should adopt internal branding strategies to leverage upon the employees.

An effective EVP can bring an organization significant benefit. According to the Corporate Leadership Councils research a well thought through and executed EVP can:

- 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%
- In addition an effective EVP allows organizations to source more deeply within the labor market, increasing its access to passive candidates. This is important for organizations who want to secure the best talent in an increasingly difficult talent market.

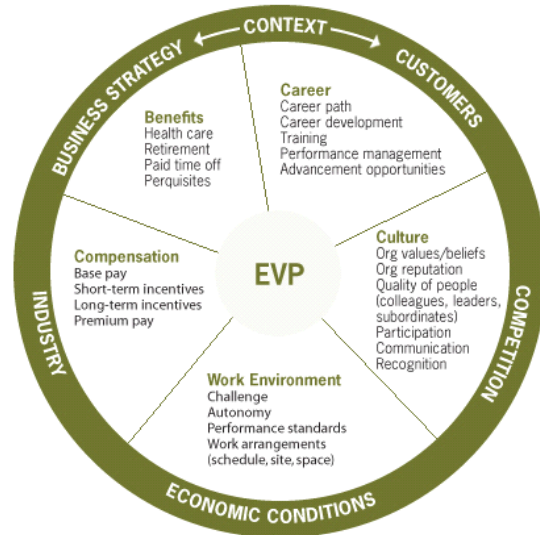


Figure 1: Components of EVP

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 making it harder to source talent, whereas in countries such as India there will be large increases making it more difficult to attract the right talent from a potentially large pool.

This will cause challenges for organizations in the future and builds an even stronger case for the importance of having an effective EVP. There are following benefits of employee value proposition.

- Helps you to attract and retain talent
- Helps you to appeal to different markets and tough to hire talent groups
- Helps you to priorities your HR agenda
- Creates a strong people brand
- Great Employee Commitment
- Helps you to re-engage a disenchanted workforce
- Reduce new hire premiums



Figure 2: Benefits of EVP

To make a better EVP, it is required to provide good internal culture, employee engagement, a better HR strategy which is favorable for employees. Employee and corporate Brand with better internal culture and favorable HR strategy helps in making better EVP. Employee value proposition is also effected by recruitment. By selecting the right person at right place at right time .i.e. manpower planning, employee contribution and performance is also better, if it insist the employer to provide better EVP.

## 2. REVIEW OF LITERATURE

For any organization, the challenge is to find quality people having the skills, knowledge, experience, competencies and values that provide a match for the roles within the organization. The person faces a different challenge: they look around, think about their personal circumstances, compare options, and then choose to take-up or stay in positions on the basis of the best value for them on offer. This, 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: it describes why the total work experience is better than at any other organization and accordingly it may be critical in attracting and retaining quality people (Hill &Tande2006). Research undertaken by the CLC into the impact of EVP (*The Employment Value Proposition – A Key to Attraction and Commitment 2006*) is summarized as follows:

**Table 1: EVP and Organization Commitment**

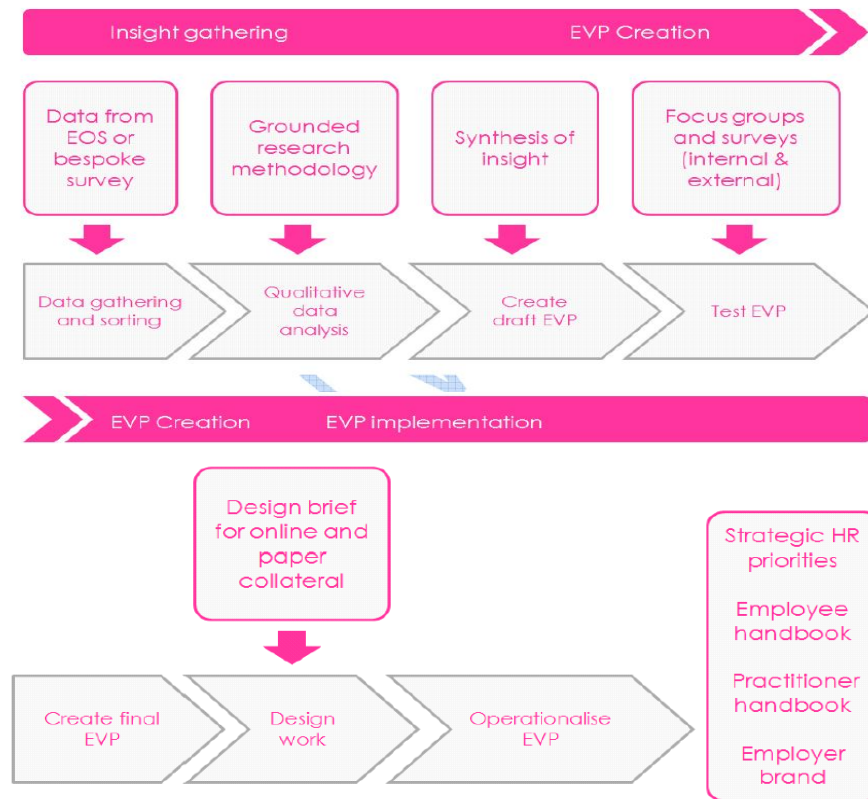
| Measure                             | Organizations without a clear EVP | Organizations with a clear EVP | Notes on the impact of a clear EVP                         |
|-------------------------------------|-----------------------------------|--------------------------------|--|
| Employee commitment 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 organizations the percentage of high engagement employees exerting high or maximal effort varied from 3% to25% (Corporate Leadership Council 2004), so shifting this percentage within an organization could significantly impact its productivity. Retention can be dramatically improved by up to 87% (Corporate Leadership Council2004). 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. In addition, increasing satisfaction with the total compensation may increase an employee's retention by 21% (Corporate Leadership Council 2004).

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

- 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. Selecting the right EVP attributes explain 77% of the variation in EVP's attractiveness in the labour market, this helps in creating positive employer brand.



**Figure 3: 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 organizations are more likely to have a formalized EVP, and as an EVP helps identify, engage, and retain critical workforce segments, it has probably contributed to their success. When organizations effectively communicate their competitive total rewards programs through an EVP, they can significantly affect employee satisfaction increasing engagement and reducing investment in bigger rewards. Furthermore, an EVP helps align the workforce with organizational productivity goals and the company's brand promise. Employees are the face of a company. When they are engaged and committed to the organization, 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 favorable consumer opinions and enjoys higher levels of credibility and profitability than those organizations that waver from their promises. The same holds true for a company's relocation package. Ensuring that relocation benefit programs align with the brand promise and are competitive can be keys to recruiting top candidates. Updated relocation policies that take into account the brand, employees' best interests, and the economy can also help keep transferred employees engaged and productive throughout their relocations. "70% of customer brand perception is determined by experiences with people." 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 a specific EVP during hiring and then fail to deliver can experience negative impacts – as this failure can cause more than a 25-percent decline in commitment from new hires in the first year of employment.

Traditional focus of an organization's marketing efforts has been on its customers and clients, the concept of EVP compels such efforts to be employee-centered. 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 organization'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 organization in 'attracting, retaining and engaging quality people'. For organizations operating in a number of countries the EVP will need to move beyond a one size fits all. A good EVP contains elements that appeal to different groups of employees from different cultures, age groups and functions. The most successful EVPs are derived from combining needs of key segments of the workforce to form a universal brand which is then communicated through the best channel for each segment.

### 3. FRAMEWORK AND ANALYSIS

As an EVP affects both 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 its relocation partner must collaborate to clearly and succinctly explain relocation benefits to ensure the best possible results for both the transferees and the corporation. According to Stewart Black, a professor of organizational behaviour for INSEAD a leading graduate business school – companies should consider the following values when formalizing their EVP.

There's a world beyond pay cheque, It is not compulsory that employee feel satisfy with the pay cheques, but there are many more benefits that are available in many organizations which support the employee to feel committed to the organization and employee feel satisfied. Here comes the Role of EVP to make employees satisfied beyond pay cheques for employee performance by providing extra benefits to the employees. There are many examples like Ladies who are having small babies providing crèche for their babies within the organization premises, car facilities, medical facility, training, retirement benefits etc. Better EVP helps in making an employee as a part of their family (organization). Better EVP starts with the Congenial Culture which starts with providing the better culture which need to be friendly and suits with different needs that are required to create your organization. There are learning organizations which help the employee to grow their team with training and development. Then if training is provided one can expect a career growth in their career with promotion. When all these needs are fulfilled then an employee think about his security, security for future that can be retirement benefits. When all these benefits are fulfilled, then an employee feels satisfied and committed to the organization to create better employer brand. These things are explained in a better way with the help of a diagram.



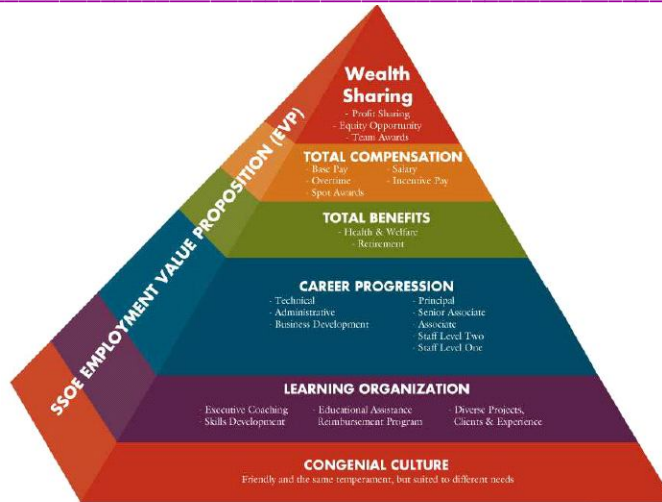


Figure 4: Pyramid of EVP

To be successful, the EVP must be credible which is why it must always be tested. The purpose of testing is to ensure that all categories of employees and potential employees find it appealing. The testing also tells you which elements of the EVP need to be turned up or turned down to appeal to different groups. Testing should take place with internal employees and external potential employees. It is a people centered approach that is directed to existing employees and integrated manpower planning strategies because it comes from existing employees themselves. 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 1970's that failed severely because of the demand supply match. In such a scenario it is the best to build an employer brand of the organization which can be achieved by developing an employee value proposition. The latter is also referred to as 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 employee feel satisfied, then it helps the HR Department to support to have better manpower planning (selecting the right person at right place at right time). Better EVP and manpower planning helps in creating positive Employer Brand which helps in attracting potential employee that again helps the HR department to provide good and effective EVP. So it becomes a vicious circle.

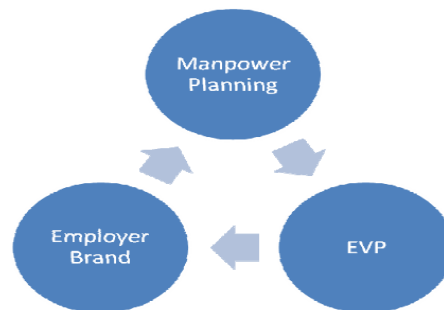


Figure 5: Linkages of EVP

To be managed effectively, the EVP must be employee-centered. That is, whilst it will be made up of the unique mix of environment, policies, programs and processes (Hill & Tande 2006) in place in the organization (organizational policies and practices are the best predictor of degree of engagement

(Corporate Leadership Council 2004)). It must be relevant to the employee, rather than focused on the employer. To be successful, it must also be compelling for the employee as well as 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. From this perspective it becomes clear that there are two aspects to a person's relationship with the organization. The first is the view formed from outside the organization; the second is that formed inside the organization as an employee. From the viewpoint of the organization these 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: Towers(2008) found that whilst a competitive salary is 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, Organization, 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. The employee's satisfaction in their working life will be directly related to their value experience. 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 and benefit received as defined by the employee. It is this balance between the cost and quality that will lead to competitive advantage for the employer in attraction and retention of quality people.

#### 4. CONCLUSION

Today's environment has created new challenges for attracting and retaining employees. Now more than ever, people have access to information and resources that can help them find new jobs. After facing cost-cutting measures and layoffs, employees may start looking to leave their current companies, especially if a new opportunity offered 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 will need to have an attractive Employee Value Proposition for employees. The concept of the EVP has been around for decades, many organizations have yet to realize the importance of having a strong EVP. This can be a costly mistake, especially with the continuing strong demand for talent across many industries and professions. By providing better and strong EVP, it become easier to attract and appoint the right person at right place at right time, means to say a better manpower planning.

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