

The Power of Employment Value Proposition

A Solution to Attract and Retain Talent
in a Highly Competitive Labour Market

A Manpower White Paper

What do you do?



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The Power of Employment Value Proposition: A Solution to Attract and Retain Talent in a Highly Competitive Labour Market

As Australia and New Zealand's population continues to age, pressures on the labour market will only become more intense. While many organisations are considering ways to improve their ability to attract and retain the staff they need, employers have been slow to recognise the need to turn theory into reality. Developing a strong employment value proposition (EVP) requires a major commitment from an organisation, but the rewards are more than worth the effort.

The power of an effective employment value proposition (EVP) cannot be underestimated. It helps to attract, motivate and retain the most valuable assets of a company – its employees. In a highly competitive labour market where top talent becomes increasingly scarce, it makes sense for a company to invest in a strong employment value proposition (EVP) in order to get the best results from their recruitment efforts.

Although the concept of the EVP has been around for decades, many organisations have yet to realise the importance of having a strong EVP. This can be a costly mistake, especially with the continuing strong demand for talent across many industries and professions.

The importance of the EVP stems not only from the continuing shortage of talent but also from the realisation that value is created not so much by organisations themselves, but by the talented people within them¹. When it comes to recruiting, every organisation has the same goal – to hire the best talent available. To retain and attract top talent, organisations need to figure out exactly what their company stands for and what makes it an attractive employment value proposition, so that top talent can be convinced why they should work there and not somewhere else.

¹ Tony Heywood, "Creating an employment brand"

What is an Employment Value Proposition (EVP)?

An EVP is the value or benefit an employee obtains through employment- simply put the value of an organisation's employment experience. Developing an EVP has become the key to success in acquiring talent – and in fact is no longer an option.

Besides appealing to external job candidates, a strong EVP builds and reinforces the public's image of the organisation's vision, culture, work practices, management style and growth opportunities. It should build the perception that people are motivated, proud and happy to work there and are willing to 'go the extra mile' for the company.

The results of communicating the value of employment can result in an estimated 29% increase in access to passive job candidates.

(Source: Corporate Leadership Council, EVP Survey: Corporate Leadership Research 2006)

According to the Corporate Leadership Council, an Effective EVP Provides Organisations with Three Quantifiable Benefits*:

Improved Attractiveness

Organisations with effective EVPs are able to source from a much deeper pool of talent in the labour market. Top-performing organisations draw candidates from about 60% of the labour market, including "passive" candidates who would otherwise be content to stay with their current job. Lesser-performing organisations are able to source only from the most active 40% of the workforce.

Greater Employee Commitment

Organisations with effective EVPs enjoy significantly higher levels of commitment/engagement from their employees. Top performing organisations have 30% to 40% of their workforce displaying high levels of commitment, compared to less than 10% in under-performing organisations.

Compensation Savings

Organisations with effective EVPs are able to reduce the compensation premium required to attract new candidates. Top-performing organisations are able to spend 10% less on base pay compared to under-performing organisations.

*Information in this section was obtained from the Corporate Leadership Council Article, "Delivering on the employment brand promise"

The Impact for Employment Brand and Employment Value Proposition in a Recession

There has always been a shortage of talented people in certain occupations, and the knowledge-intensive nature of industry and competition in developed (and, increasingly, developing) economies will just add to that shortage. An intangible asset becomes an ever more important strategic driver for organisations, so-called talent wars are unlikely to diminish in a recession².

One of the first casualties of a recession is a reduction in the workforce, people often make up 70% of companies' costs therefore when costs need to be reduced and employees are often the first to go³. Whilst it is inevitable that redundancies will need to be made in a recessionary economy, needless to say prospective new employees will take note of how the future potential employer is treating people in a less fortunate situation.

Redundancies and hiring freezes might signal a stoppage in an organisation's growth, which can impact an organisation's employment brand as a great place to work. This can make future recruiting more difficult and expensive.

One important point to note is that employment branding and EVP are not just, or even mainly, about attracting new talent but is also about engaging, motivating and retaining existing talent. As a result, enhancing your employment brand, create a unique EVP and 'communicate well' to your existing and potential employees are the keys to retaining and attracting talent in a recession. Keep in mind that the employment brand needs to originate from your business strategy. In tough times, organisations need to take a look at the performance and health of the business which impacts the brand value. Review the strategy and consider what and how it needs to be change. From this, build the employer brand and EVP. If the market dictates a major change to the business then the employer brand also has to change⁴.



It is fact that 70% of companies making redundancies are still recruiting and need to maintain an attractive proposition for talent which remains in short supply.

(Source: Penna Consulting, "Managing Talent in Downturn")

² Mike Nale, "Even in a recession, employment branding is worth the risk"

³ American Psychological Association, "Beating recession with employment branding", 2008

⁴ Tony McCarthy, British Airway

Achieving Growth by Capturing Market Share with Top Talent during a Recession



Although the goal of many companies during a recession may be to reduce operating costs, this is the perfect time to capture market share with top talent.

Organisations can increase their market share during this recession by capitalizing on retaining top talent and recruiting top tier candidates to increase business productivity. It's been suggested by HR experts, "If you are looking to re-brand your image, now is the time". The image of security and sustainability during economic slowdowns can be a powerful tool to get the best people to work for your organisation.

Growth during a recession can be achieved and is an excellent way to promote employment branding and your company's EVP, what we must focus on is that talent is often the key to growth.

"A strategic workforce plan can be implemented with a strong EVP during a recession that will allow for growth and opportunity with the best people, but companies that get tunnel vision and focus on short term solutions will never reach their long term goals."

Source: American Psychological Association, "Beating Recession with Employment Branding", 2008

As worldwide demographics point to ageing populations, decreasing numbers of young people entering the labour force and the changing expectations among those young people have resulted in a talent shortage. These demographic trends may well be shaped by recessionary economics but the war on talent will not diminish in the medium to long term. Organisations that ignore these trends will create problems for themselves by neglecting their external and internal images as employers.

During lean times, fewer organisations are hiring, so there is less competition. This means that a firm can now successfully attract experienced talent⁵. Now more than ever, it is essential that organisation have a clear and defined EVP.

The strongest EVP organisations can make right now is to validate their actions by offering more when everyone else is offering less- this unique offering not only attracts top job seekers but customers as well. A lot of organisations plan to survive the recession, but think carefully, because to survive you will need the best people to support you.

Re-branding an employment brand and creating a unique EVP does not have to be costly, but this does have to be done in such a way that will separate your organisation from your competitors in the highly competitive labour market.

“Key contributors are a company’s highest retention risks- top performers are most likely to find opportunities elsewhere, even in a strained labour market.”

(Source: Medhunters, “Even in a Recession, Employment Branding is worth the Risk”, June 2008)

“Brand your organisation as the place to work during recession by promoting an innovative employment value propositions, not standard benefits.”

(Professor John Quelch, Harvard Business School)

⁵ Dr. John Sullivan, “The economic downturn means that hiring freezes will soon decimate recruiting”

Challenges for HR.....



“The employment brand and EVP should win the hearts and minds of the right candidates by connecting on a rational and emotional level.”

(Source: o2ideas Blue Paper, “Causality, the art of attracting passionate followers with your employment brand”)

One of the biggest challenges leaders face is making an EVP come to life for their people internally. Prospective employees who are shopping for a potential position naturally tend to be evaluating the EVP of their future employer. However, once inside an organisation, helping employees connect with what can easily become a mindless slogan is much more difficult. If not approached with skill and persistence, it can be easy for employees to fall into an entitlement mentality or become overwhelmed with the weeds and forget why they originally joined the company⁶.

Another key challenge in successful EVP delivery occurs during the time of uncertainty, such as integration or when the business finds itself in an economic downturn. When leaders have to make difficult decisions, it can be very hard for employees to feel “warm” about the company as they watch their friends walk out the door⁷.

A third challenge is differentiation. As companies are increasingly competing for the best, HR leaders struggle with how to distinguish themselves and the value of employment at their company versus the wide variety of options available.

A fourth challenge is the challenge of having an EVP that is simple and broad enough to fit in multiple geographies and business units.

Only four out of ten employees believe their organisation deliver a strong EVP

(Source: Corporate Executive Board, “Delivering on the Employment Brand Promise”, 2008)

⁶ Carole Watkins, Cardinal Health, “We must ensure the EVP is understood and embedded before the pond freezes over.”

⁷ *ibid*

Building a Competitive EVP and Becoming the Employer of Choice

A recent study by the Conference Board showed 25 percent of U.S. employees are just showing up to collect a paycheck. 40 percent feel "disconnected" from their employers, and 66 percent do not identify with or feel motivated to drive their employers' business goals and objectives. *(Source: The Conference Board Inc)*

So why do your best employees leave or stay? And how do you attract top talent in the highly competitive labour market during a recession? This vital question can be answered by your company's employment brand and EVP initiatives – a set of tools to create a unique and compelling place to work and grow.

As all employees are different, the task for the EVP is to appeal to as many employee segments as possible, specifically to those candidates who will be a good fit with the organisation.

Organisations need a unique EVP to underpin their employer brand. Once organisations have strong employment attributes that are realistic and achievable, they can begin to align them with the messages senior management wants to convey, as well as those the target audience wants to hear⁸.

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

“People work for money, but they work even more for meaning in their lives”

(Source: Harvard Business Review)

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 market⁹.

⁸ Tony Heywood, "Create an effective employment brand"

⁹ Corporate Leadership Council, "EVP Survey: Corporate Leadership Research, 2006"

Understanding “Overall Satisfaction”- Australia and New Zealand

In December 2008 in Australia and New Zealand, Manpower conducted a study to understand workers' job satisfaction- this research was undertaken by utilizing a panel of 3,364 people over the age of 14 in the Australia and New Zealand workforces. The purpose of the research was to establish which factors or drivers were most important to employees in terms of their organisation's EVP.

The single most important finding of the research was that “overall employee satisfaction” as a measure is no guarantee against high turnover (Please refer to Figure 3), though staff satisfaction is clearly important, employees change jobs for a variety of reasons and not just due to dissatisfaction with their current role.

Although it's important to understand what factors lead to employee satisfaction, it is imperative to understand which of these factors correlate directly to the intention to leave the organisation. Results showed that the overall job satisfaction of Australian and New Zealand workers are almost identical- 75% of respondents in Australia and 75% of New Zealand respondents have indicated that they are totally satisfied with their current job, whilst 7% of respondents in Australia and 8% of respondents in New Zealand have indicated their dissatisfaction.

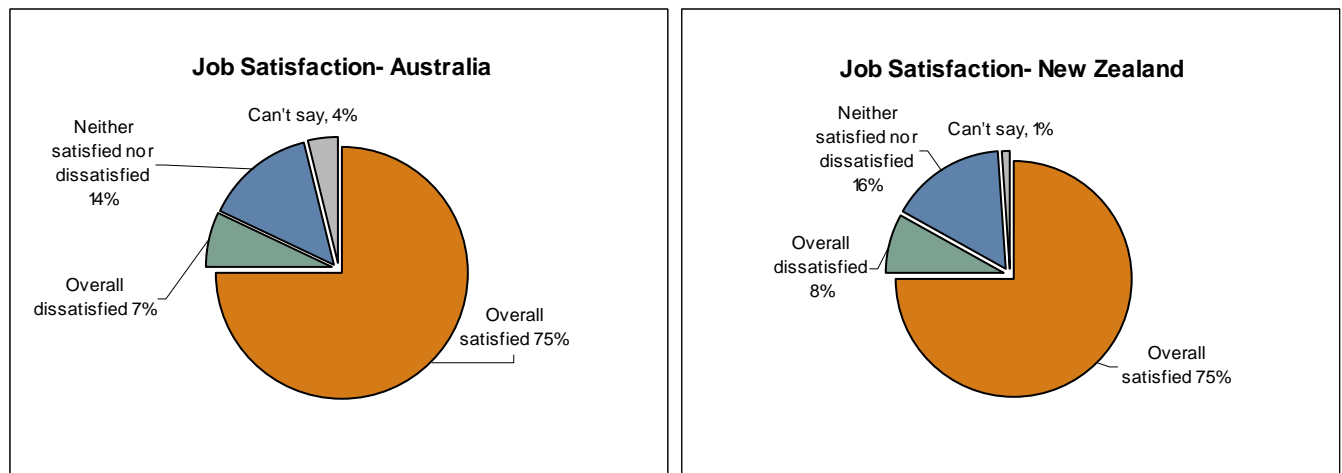


Figure 1 & 2: Job satisfaction in Australia and New Zealand

Despite the fact that 75% of respondents in Australia and 75% of respondents in New Zealand have reported overall job satisfaction with their current job, a total of 30% satisfied respondents in Australia and New Zealand were planning to leave (Please refer to Figure 3). Results also showed 83% of dissatisfied respondents in New Zealand have indicated their intention to leave their organisation in 2009, this result is 15% higher than the Australian dissatisfied respondents.

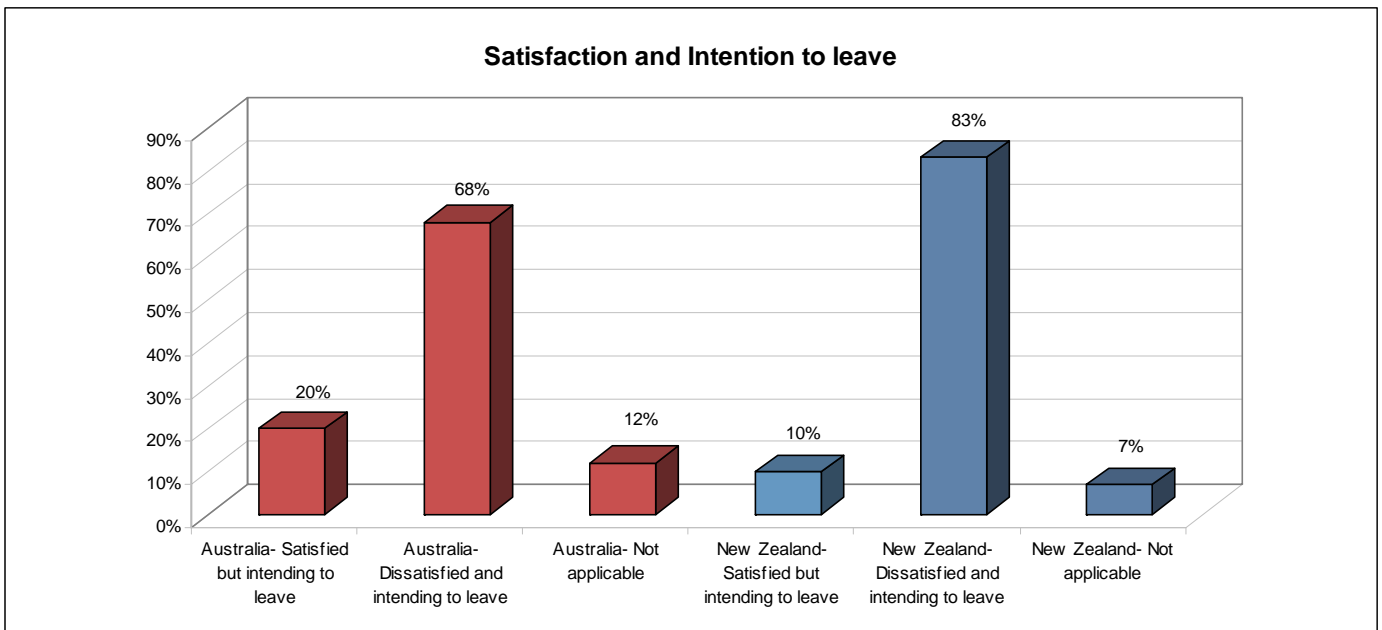


Figure 3: Satisfaction and intention to leave, Australia and New Zealand

Key Satisfaction Drivers and Reasons for Leaving

Manpower research on job satisfaction in 2008 identified the key satisfaction drivers and the reasons for leaving current jobs in the Australia and New Zealand labour markets for the purpose of determining and selecting appropriate EVP attributes.

Opinions on Job Satisfaction	Australia	New Zealand
I am satisfied with the recognition I get for the work I do	56%	59%
I am satisfied with my opportunity to get a better job in my organisation	43%	42%
I am satisfied with the amount of pay I get in my current job	49%	48%
I am satisfied with the job security my organisation provided to me	55%	53%
I am happy with my manager and the senior management team	49%	49%
I am satisfied with all the necessary training from my organisation	57%	59%

Table 1: Opinions on job satisfaction from Australia and New Zealand respondents

Generally, respondents in Australia and New Zealand are satisfied with job recognition, job security and training provided from their organisation (Please refer to Table 1). However, less than half the number of respondents in both countries indicated that they are less satisfied with job opportunities provided by their organisation (Australia-43%, New Zealand-42%), the amount of pay they get in their current job (Australia-49%, New Zealand-48%) and their manager/management quality¹⁰ (Australia-49%, New Zealand-49%). On the other hand, according to the results, job opportunities, compensation/pay and

Almost 30% of employees seem to be on the lookout for new jobs and more than 90% display below average levels of commitment towards their organisations.

(Source: CEB Research)

¹⁰ Adopted from Corporate Leadership Council's core EVP attributes

manager/management quality¹¹ are the major dissatisfaction drivers that cause intention to leave.

Therefore, *compensation/pay, job opportunities* and *manager/management quality*¹² have the greatest impact on overall job satisfaction and intention to leave. As a result, these satisfaction drivers might have the greatest impacts on talent retention and attraction in the Australia and New Zealand labour markets. HR professionals should consider these major satisfaction drivers/factors for the creation of their organisations' EVP.

Differences across Generations: EVP Attributes Should Appeal to Generations X and Y:

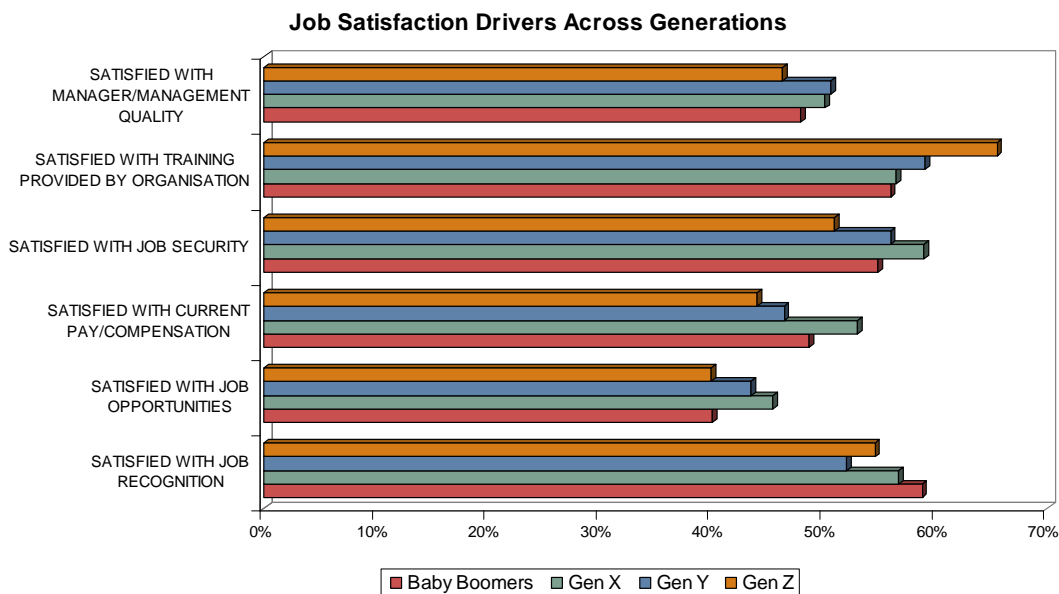


Figure 4: Job satisfaction drivers across generations

“A tight labour market and the shift in demographics have created a large generation gap in the workforce. Offering unique benefits or stimulating incentive programs are a good way to attract qualified applicants and motivate the current young employees.” *Bill Freeman, CEO of Freeman Group Service Solutions*

Manpower research on job satisfaction in 2008 has profiled key satisfaction drivers of different generations in Australia and New Zealand: Baby boomers, Gen X, Gen Y and Gen Z.

Results showed that Gen X respondents (born between 1961-1975) are more satisfied with their current job compared with the Baby boomers, Gen Y and Gen Z respondents, with only one satisfaction driver/fact falling

¹¹ Adopted from Corporate Leadership Council's core EVP attributes

¹² Adopted from Corporate Leadership Council's core EVP attributes

below 50%- job opportunities (46%) is a major issue in the Gen X workforce as Gen X talent will more than likely be seeking future career development. HR professionals should take this into account for their EVP attributes selection in order to attract and retain Gen X skilled talent.

The results of Gen Y (born between 1976- 1990) and Gen Z (born in 1991 onwards) respondents are similar, they indicated less satisfied (below 50%) with their current pay and the job opportunities provided by their organisation, Gen Z respondents also indicated that they are less satisfied with their manager/management quality¹³ but surprisingly they are more happy/satisfied with the training provided by their organisation compared with the other generation groups.

Only 4.9% of Baby Boomer respondents indicated that they are intending to retire in the next 12 months¹⁴, this trend might reflect the impact of current economic downturn as older workers delay their retirement to stay in the workforce longer.

Based on the results, the key EVP attributes to attract/retain Gen X and Gen Y talent should include job opportunities and pay/compensation.

	Baby Boomers	Gen X	Gen Y	Gen Z
SATISFIED WITH JOB RECOGNITION	59%	57%	52%	55%
SATISFIED WITH JOB OPPORTUNITIES	40%	46%	44%	40%
SATISFIED WITH CURRENT PAY/COMPENSATION	49%	53%	47%	44%
SATISFIED WITH JOB SECURITY	55%	59%	56%	51%
SATISFIED WITH TRAINING PROVIDED BY ORGANISATION	56%	57%	59%	66%
SATISFIED WITH MANAGER/MANAGEMENT QUALITY	48%	50%	51%	46%

Table 3: Satisfaction index by generations

¹³ Adopted from Corporate Leadership Council's core EVP attributes

¹⁴ Manpower research on job satisfaction in 2008

EVP Attraction Drivers by Country

The table below summarises the results of the Corporate Leadership Council (CLC) EVP survey in 2006. Survey results showed variations across geographies consist mostly of the relative importance placed on attributes, such as development and future career opportunities. For example, some regions place very high importance on development and future career opportunities (e.g., Australia, Canada, China, Germany, and the United States), while others place greater emphasis on attributes such as respect and recognition (e.g., France and Japan).

The survey results of the Corporate Leadership Council survey and the more recent Manpower research on job satisfaction are similar- with job opportunities/future career opportunities and compensation/pay as the top EVP attraction drivers/core attributes.

Rank Order of EVP Attraction Drivers: By Geography				
Australia	Canada	China	France	Germany
1 Work-Life Balance	Compensation	Compensation	Compensation	Compensation
2 Future Career Opportunities	Work-Life Balance	Development Opportunities	Work-Life Balance	Collegial Work Environment
3 Compensation	Respect	Future Career Opportunities	Future Career Opportunities	Location
4 Organisational Stability	Future Career Opportunities	Meritocracy	Respect	Organisational Stability
5 Job-Interests Alignment	Organisational Stability	Health Benefits	Organisational Stability	Development Opportunities
6 Respect	Job-Interest Alignment	Job-Interest Alignment	Recognition	Future Career Opportunities
7 Development Opportunities	Health Benefits	Respect	Product Quality	Work-Life Balance
8 Location	Location	Organisational Stability	Camaraderie	Job-Interests Alignment
9 Ethics	Development Opportunities	Industry	Development Opportunities	Respect
10 Recognition	Empowerment	Retirement Benefits	Coworker Quality	Recognition
India	Japan	United Kingdom	United States	
1 Future Career Opportunities	Compensation	Work-Life Balance	Compensation	
2 Compensation	Work-Life Balance	Future Career Opportunities	Health Benefits	
3 Development Opportunities	Organisational Stability	Compensation	Organisational Stability	
4 Organisational Stability	Vacation	Location	Work-Life Balance	
5 Job-Interests Alignment	Location	Organisational Stability	Future Career Opportunities	
6 Respect	Technology Level	Development Opportunities	Respect	
7 Work-Life Balance	Job-Interest Alignment	Job-Interest Alignment	Job-Interest Alignment	
8 Innovation	Organisation Growth Rate	Respect	Location	
9 Recognition	Development Opportunities	Recognition	Retirement Benefits	
10 Organisation Growth Rate	Product Quality	Empower	Ethics	

Source: Adopted from Corporate Leadership Council, EVP Survey: Corporate Leadership Research 2006

Communication

Once the EVP has been designed, organisations must credibly relay their EVP to the labour market. The most powerful channel, current employees, while used frequently, must be leveraged to communicate attributes of the EVP. Turn employees into EVP advocates by providing them with information and tools to promote the organisation.

Conclusion: Protecting your employment brand and EVP for the future

Decisions on making redundancies during recession are always challenging. People will remember how their organisation treated them and they will talk about it. If they perceive their experience as unnecessarily negative or unfair, they will share it with friends, family and colleagues. In the age of the internet and social networking, the harm and damage to an organisation's employment brand and EVP can be far-reaching.

Clearly, how organisations manage their downsizing efforts will have a long-term impact on their employment brand as well as EVP. "Employers of Choice" understand the value of looking at HR from a marketing perspective. Leading organisations strive to develop and communicate a strong EVP that resonates with the type of employees they wish to recruit and retain¹⁵.

As companies navigate through turbulent economic times, organisations need to keep in mind that the way they treat their employees today- both those that are leaving and those that remain- will have an impact on their employment brand and EVP. As economic conditions improve, they might find themselves disadvantage in the face of even greater heated talent competition of talent than exists today. By treating departing people with dignity and supporting their transition an organisation can protect their employment brand and EVP, it will give organisations the advantage over their competitors when the time comes to recruit again¹⁶.

HR experts suggest that, in order to attract and retain adequately to keep operations running, employers need to create an environment in which people enjoy attending work, are fulfilled in their role and share in working towards a common goal.

As a result, creating a unique EVP and an employment brand is emerging as the latest focus and solution for human resource professionals who recognize the problems of the pending retirement of the Baby Boomers and shortage of young people. Compounding that challenge is younger workers' propensity to seek work-life balance, opportunities to ascend quickly and to have meaningful work that fits their values.

Add the economic downturn, which is seeing even profitable companies implement layoffs to maximize earnings and the ensuing race for talent will be intense.

¹⁵ Mark Surrette, President of Robertson Surrette Consulting

¹⁶ *Ibid*

About Manpower Inc.

Manpower Inc. (NYSE: MAN) is a world leader in the employment services industry; creating and delivering services that enable its clients to win in the changing world of work. Celebrating its 60th anniversary in 2008, the US\$22 billion company offers employers a range of services for the entire employment and business cycle including permanent, temporary and contract recruitment; employee assessment and selection; training; outplacement; outsourcing and consulting. Manpower's worldwide network of 4,400 offices in 82 countries and territories enables the company to meet the needs of its 400,000 clients per year, including small and medium size enterprises in all industry sectors, as well as the world's largest multinational corporations. The focus of Manpower's work is on raising productivity through improved quality, efficiency and cost-reduction across their total workforce, enabling clients to concentrate on their core business activities. Manpower Inc. operates under five brands: Manpower, Manpower Professional, Elan, Jefferson Wells and Right Management. More information on Manpower Inc. is available at www.manpower.com or www.manpower.com.au.

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Research Sources

Manpower Research on Job Satisfaction:

This research was undertaken in partnership with Roy Morgan Research, utilizing a panel of 3,364 people over the age of 14 in the Australia and New Zealand workforces.

Other research sources have included in footnotes

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