



EMPLOYMENT Value Proposition Corporate Leadership Council (CLC) Research Summary

This document summarizes the extensive research conducted by Corporate Leadership Council (CLC) regarding how to effectively leverage the organization's Employment Value Proposition (EVP) to drive attraction and employee commitment.

KEY findings

An effective EVP provides organizations with three quantifiable benefits:

Improved attractiveness: Organizations with effective EVPs are able to source from a much deeper pool of talent in the labor market. Top-performing organizations draw candidates from about 60% of the labor market, including “passive” candidates who would otherwise be content to stay with their current job. Lesser-performing organizations are able to source only from the most active 40% of the workforce.

Greater employee commitment: Organizations with effective EVPs enjoy significantly higher levels of commitment from their employees. Top-performing organizations have 30-40% of their workforce displaying high levels of commitment, compared to less than 10% in under-performing organizations.

Compensation savings: Organizations with effective EVPs are able to reduce the compensation premium required to attract new candidates. Top-performing organizations are able to spend 10% less on base pay compared to under-performing organizations.

Organizations fail to build a strong EVP because of three common pitfalls:

Comprised of the wrong attributes: In the absence of data, organizations risk over-investing in the most critical elements necessary for attracting and retaining talent.

Not differentiating from competitors: The labor market perceives minimal variation in the EVPs offered by different companies, suggesting that organizations are not sufficiently differentiating (and communicating) their EVPs.

Failing to deliver on the EVP: Organizations that fail to deliver to the most significant elements of the EVP see significant declines in the commitment of their workforce. This decline can begin almost immediately for new hires who feel that their expectations are not met.

SURVEY design

The Corporate Leadership Council (CLC) surveyed a global panel of respondents to ensure representation of respondents across geographies, industries, and demographic groups. A total of over 58,000 respondents completed the Council's Competitive Employment Proposition Survey. The total employee sample consisted of individuals from 34 countries and 20 industries. The survey was administered in eight languages. To ensure compatibility across the workforce, the Council included detailed questions – pertaining to items such as job level, workforce function, geographic region, age, gender, and tenure with the company – within the survey instrument. Survey results were analyzed for the impact of these questions on attraction and employee commitment.

A master list of over 200 attributes was compiled and evaluated for similarity, distinctiveness, universality, and overall ratability, leading to the consolidated list of 38 attributes. The final list of 38 organizational attributes is categorized into five categories: [Rewards, Opportunities, Organization, Work and People](#). See also [Definitions of EVP Attributes](#).

WHAT is attractiveness?

Attractiveness to an organization is a function of the alignment of the candidate's priorities with the organization's EVP. The biggest factor in determining how attractive an organization is to a candidate is whether or not the EVP is based on attributes that the candidate cares about.

Defining Attractiveness

Three factors determine whether or not an organization's EVP is attractive to the labor market:

1. Is the EVP based on the attributes that the labor market cares about? (77%)
2. Does the labor market have a favorable impression of the organization on those attributes? (13%)
3. Is the labor market aware of how the organization scores on those attributes? (10%)

WHY measure commitment?

Commitment drives performance as well as retention. Building commitment in the workforce leads to greater performance, as well as higher retention rates. Specifically, improving employee commitment leads to greater discretionary effort, and therefore enhances employee performance by up to 20 percentile points. Similarly, improving employee commitment will also support retention, reducing the probability of departure by as much as 87%.

The “10:6:2” Performance Rule ***Impact of Commitment on Performance***

- Every 10% improvement in commitment can increase an employee’s effort by 6%
- Every 6% improvement in effort can improve an employee’s performance by 2 percentile points.

The “10:9” Retention Rule ***Impact of Commitment on the Probability of Departure***

- Every 10% improvement in commitment can decrease an employee’s probability of departure by 9%

REASONS people join and stay with organizations

- While there is truth to the old adage that “[people join organizations and leave managers](#),” the reality of today’s market is that employees join organizations specifically for the rewards and opportunities and stay for the people and the organization.
- The data below indicates that opportunities and rewards are the primary drivers of attraction and the organization and its people are the primary drivers of employee commitment.

COMPENSATION and career opportunities attract

- The [attached graph](#) shows the percentage of respondents who listed each attribute within their top five most important attributes when assessing a potential employer.
- Looking across the attribute categories, opportunities and rewards drive candidate attraction more than any other category.
- When considering an organization as a potential employer, compensation is by far the most important driver of attraction, followed by career opportunities, work-life balance, and respect.
- Surprisingly, a few attributes that have been heavily relied upon in the past-product brand recognition, great place to work recognition - actually have very little impact on attracting employees to the organization.

PEOPLE and the organization drive employee commitment

- The [attached graph](#) shows the impact that delivering on each EVP attribute has on employees' level of commitment.
- While compensation and career opportunities are important for attracting talent, working with quality people in an environment that respects and empowers employees is the key to driving employee commitment.

ATTRIBUTES that Drive Attraction and Commitment

- The [Venn diagram](#) presents the EVP attributes that drive both attraction and commitment. These attributes form the core EVP, applicable across all major talent segments and geographies.
- The area of overlap between the two circles highlights the attributes that both attract candidates to the organization and ensure their commitment once hired.
- Attributes to the immediate left and right impact either attraction or commitment. While not as powerful as the "core" attributes, organizations may need to utilize these attributes to create differentiated EVPs, to leverage their organizational strengths, or tackle specific attraction or commitment problems.

CORE EVP

- Organizations can rely on the Core EVP attributes to provide more than half of the compensation, sourcing, and commitment benefit that an EVP can provide.
- Specifically, focusing on the seven attributes in the core, listed below, will yield roughly 60% of the potential compensation, sourcing, and commitment benefit.
 - Compensation
 - Stability
 - Development opportunities
 - Future career opportunities
 - Respect
 - Manager quality
 - Collegial work environment

EVP attributes for US organizations

Variations across geographies (countries) consist mostly of the relative importance placed on attributes, such as development and future career opportunities. For example, employees in organizations located in Australia, Canada, China, Germany, and the United States place very high importance on development and future career opportunities. IN France and Japan, greater emphasis is placed on attributes such as respect and recognition.

The top ten attraction and commitment attributes for employees in organizations in the United States are as follows:



EVP credibility in the labor market

Once an organization has identified its EVP, how can it best communicate the EVP in the labor market? What are the most effective recruiting channels to find high-performing candidates? How can organizations most effectively use the most trusted recruiting channels? How can organizations make advocates of the most trusted recruiting channels? How can organizations build the EVP into day-to-day recruiting operations?

CANDIDATES do not believe us

- Once the EVP has been designed, the organization must credibly relay the EVP to the labor market.
- However, the traditional channels that many organizations rely upon are not highly trusted by candidates as shown by the graph below.
- The [attached graph](#) shows the extent to which different EVP communication channels are trusted by the labor market. Many traditional channels - such as job advertisements in magazines and newspapers and third-party job boards are poorly trusted.
- As shown on the right, when candidates use the most trusted channels to gather information about potential employers, their commitment levels are notably higher than those who use less credible channels.
- Focusing on credible communication channels will enhance the overall effectiveness of an organization's EVP message.

EMPLOYEES Underperforming as Organizational Advocates

- The most powerful channel, current employees, while used frequently, must be leveraged to communicate attributes of the EVP.
- A case in point is highlighted on the [attached document](#). Current employees cannot relay one of the most important EVP attributes, future career opportunities: only 18% of respondents agreed that current employees of the organization provide helpful information about the organization's career opportunities.
- In addition, only 24% of employees would recommend their organization as a good place to work.

THE three steps to credibility

Organizations with highly credible EVPs observe [three key principles](#):

- First, messages must reflect the reality of the organization. Organizations should not be critical of themselves, but realistic about organizational characteristics offered.
- Second, messages must enable applicants to self-assess whether the organization is the right place for them. Communicating critical information that enables employees to assess whether or not they will pursue employment at the organization has the added benefits of alleviating some of the selection burden from the organization, since people who do not feel they would fit in well with the organization will voluntarily opt out. Organizations should facilitate that process by making it clear who is likely to be a good fit.
- Finally, ensure that the information candidates receive from different sources is consistent.

POOR message management

- The reason most employees in the labor market do not view the EVP as credible directly results from organizations' failure to manage the messages that they communicate.
- As shown [attached](#), only a third of respondents believed that the recruiting process accurately reflected the organization.
- Fewer than a third agreed that the information they received during the recruiting process enabled them to assess their fit with the organization, a state likely exacerbated by the fact that only 36% of respondents agreed that the information they received was consistent.

MAKING advocates of employees

WIDE variation in advocates across organizations

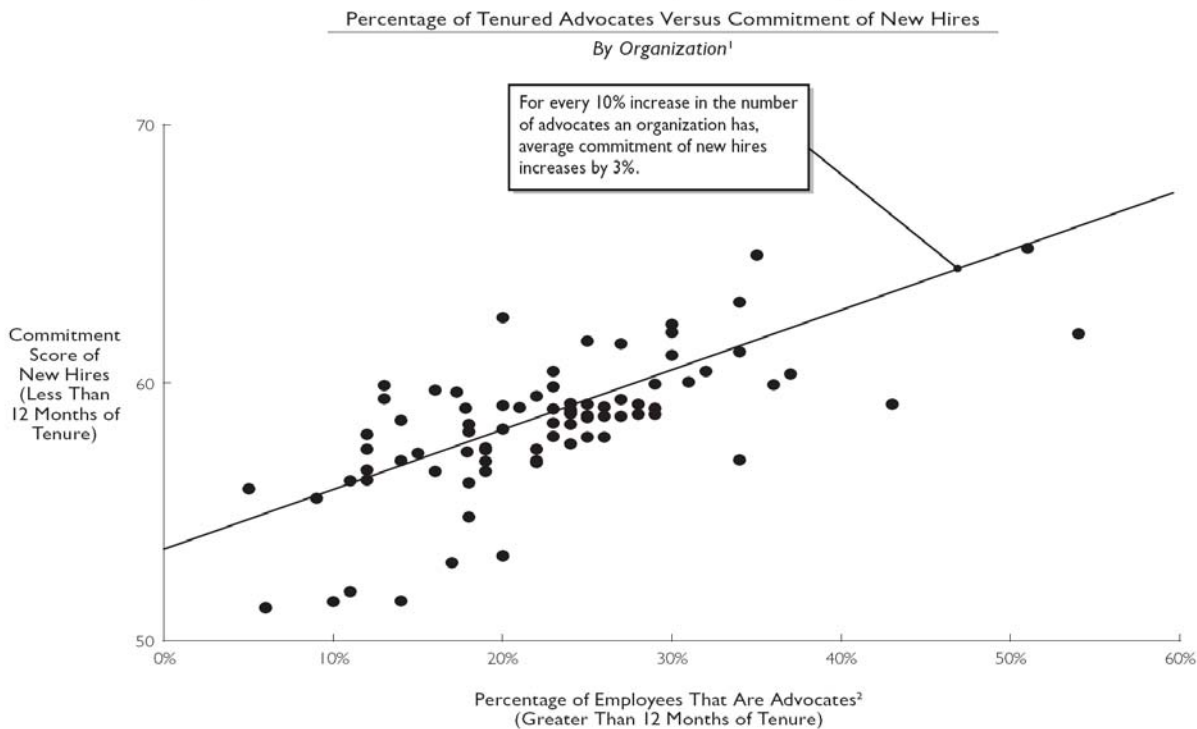
- The [attached graph](#) below shows the percentage of advocates within each organization's workforce.
- As seen by the wide variation in the number of advocates within workforces, many organizations have a significant opportunity to increase the number of employee promoters they employ.

Advocates increase new hire commitment

- Organizations will see sizable returns from increasing the percentage of advocates in their employee populations.
- The graph below highlights the direct positive effect of advocates on new-hire commitment: every 10% increase in the number of advocates leads to 13% improvement in new hire commitment, which drives employee effort and reduces turnover.

EMPLOYEE ADVOCATES: A CONTAGIOUS EFFECT

Organizations with advocates are more likely to achieve high commitment in new hires



¹ Each dot represents a unique organization.

² The percent of employees that score above 90 on an index that measures proactive organizational support.

Employees who trust the organization promote the organization

- Given their credibility and usage within the labor market (and by you own employees), the key method to manage EVP messages is to increase the number of employees who act as advocates of the organization.
- [Building advocates](#) requires that organizations meet three conditions: trust, flexibility and innovation, and a strong sense of organizational values.

- Trust is the foundation; employees must feel that they can trust the organization before they will actively promote it to others.
- Organizations that enable these three conditions will have higher numbers of employees who actively promote the organization to others both inside and outside the organization.

KEY findings

- **Employees do not trust organizations' communication channels:** Many of the most commonly-used channels, such as third party advertisements and job postings, are seen as unreliable by more than half of employees.
- **A successful labor market communication strategy emphasizes organizational reality, consistency and self-assessment:** Organizations can increase new hire commitment by up to 27% by ensuring that the recruiting processes accurately reflect the realities of the work environment and that all communication of the EVP is consistent and allows candidates to accurately assess their fit with the organization.
- **Only one-third of candidates believe that their organization supports its EVP:** Looking back on their hiring experience, only 36% of candidates agree that the recruiting process accurately reflected the work environment, only 30% received information that let them assess their fit accurately with the organization, and only 36% received consistent information about the EVP.
- **Improve candidate experiences by targeting communications to high-influence moments throughout the employment life cycle:** Organizations must identify points in the attraction and recruiting life cycle with the greatest impact on candidates' perceptions and align candidate experiences with the EVP at each of these points.
- **Employees are one of the most widely used and by far the most trusted source of organizational information for candidates:** More than 80% of candidates believe that current employees are credible sources of information about organizations.
- **Unfortunately, fewer than 24% of employees actively advocate for their organizations in the labor market:** Less than one-quarter of employees report they would refer a friend to work at their organization.
- **The three keys to building employee advocates are trust, flexibility, and organizational values:** Organizations that foster an atmosphere of trust, encourage innovation and flexibility and create a strong sense of organizational values can increase employees' likelihood of advocating the organization in the labor market by up to 47%.
- **Surface and react to misalignments between the EVP and the work experience:** To build employee advocates organizations must facilitate, communicate and react to employee feedback about misalignments between the organization's defined EVP and the actual work experience.

- **Candidates referred by employees have significantly higher commitment to the organization:** For every 10% increase in the number of employee advocates, organizations can improve new hire commitment by 3%. Organizations must ensure that employees have adequate information about the EVP and networking support to increase the number of candidates referred by employees.

BUILDING a competitive agency/university EVP

In summary, an organization can attract and retain critical talent segments by building and delivering a competitive EVP.

- The Employment Value Proposition is key to attraction of candidates and commitment of employees
- A competitive EVP should begin with the seven “core” attributes most important to attraction and retention
- The EVP should be aligned with the organization’s long-term strategy
- The EVP must be customized to address any geographic and level-based variation
- EVP credibility depends on leveraging current employees as the primary communication channel and on managing the consistency of the EVP experience
- Building competitive advantage in the labor market requires active management of both the EVP and the employee experience

Each agency and university should begin discussion of the EVP attributes and determine what is needed to improve attraction and retention. The following questions should be addressed:

- What is our EVP?
- What message do we build around?
- How do we market the EVP to candidates?
- How will we measure success?

Please see “[An Invitation to Partner with CLC Solutions.](#)”

Each agency and university should create and manage an EVP that centers around the most competitive and strategically relevant aspects of their organization. Each agency and university should clearly identify the human resources investment that matters most to reinforce the EVP. CLC recommends a [seven-step approach](#) to evaluating EVP attributes and determining the organization’s focus:

Define Relevant EVP Attributes

Step #1 Identify the EVP attributes that matter most to attraction and retention

Identify Competitive Opportunities

Step #2 Identify the EVP attributes that represent your organization's current strengths

Step #3 Identify the EVP attributes that are currently not well delivered by your competitors

Step #4 Identify the EVP attributes that are not actively promoted by your competitors.

Assess Strategic Alignment

Step #5 Identify the EVP attributes that best support your organization's strategic objectives and culture

Step #6 Identify the EVP attributes where associated HR investments are lowest

Define Your Competitive EVP

Step #7 Focus on the most competitive and strategically relevant EVP attributes

MANAGEMENT of the agency/university EVP

After the EVP has been defined and all levels of management have committed to promoting it, every aspect of the candidate experience and the employee work environment needs to be continuously monitored. Every step in the recruitment process should be reviewed towards continual improvement in communicating the EVP. Every manager and supervisor should be carefully managing to deliver the EVP to employees. In summary, to successfully deliver the EVP an organization needs to:

- Focus all managers on the realization of the EVP
- Keep the EVP focused on what's most important to the labor market
- Focus on delivering work environment experiences that matter most to reinforcing the EVP
- Focus on the candidate experience of the EVP throughout the employee lifecycle
- Reinforce EVP messages through every interaction with the current workforce

For more information about [segmentation](#) – defining EVP variation across key segments of the talent market.

Source: Attracting and Retaining Critical Talent Segments, *Building a Competitive Employment Value Proposition*, Corporate Leadership Council, Corporate Executive Board, 2006.