

EMPLOYMENT value proposition and retention

North Carolina state government faces increasing competition in recruiting and retaining “talent;” high-performing people with key knowledge, skills and abilities. State agencies compete with both private sector employers and other public sector employers to attract and keep highly qualified, high-performing employees. Universities compete with educational institutions throughout the world and also with private sector employers in research fields. Thus, it is important to retain high-performing people by consistently delivering the benefits of state government employment to current employees.

WHY is there increased labor market competition, often called the “War for Talent”?

The Corporate Leadership Council (CLC) has identified two trends that lead to a talent scarcity problem; thus, increased competition in the labor market.

TREND #1: intensifying competition for talent due to the following factors:

- A strong economy
- Declining unemployment
- Skill shortage in low-wage countries
- Accelerating retirement

TREND #2: increasing workforce complexity due to the following factors:

- Increased cross-border trade
- Aging workforce
- US service jobs moving offshore
- Virtual talent pools expanding (telecommuting) (CLC)

WHAT is the employment value proposition (EVP)?

In 2006, the Corporate Leadership Council surveyed its membership and a global panel of respondents representing 34 countries and 20 industries in eight languages. The survey was designed to ensure representation of respondents across geographies, industries and demographic groups. A list of 38 organizational attributes was tested. The attributes were grouped into five categories: rewards, opportunity, organization,

work and people (see Table 1 below).² See Table 2 below for definitions of the 38 organizational attributes.

An organization's employment value proposition (EVP) is defined as.....

the set of attributes that employees and the labor market perceive as the value they gain through employment in the organization.

WHAT are the top ten attributes that determine attraction and commitment to an organization?

WHAT BRINGS PEOPLE TO THE ORGANIZATION U.S. ORGANIZATIONS, 2006	
Attraction <i>What brings people to the organization</i>	Commitment <i>What keeps people at the organization</i>
1. Compensation	1. Job-Interest Alignment
2. Health Benefits	2. People Management
3. Organizational Stability	3. Respect
4. Work-Life Balance	4. Manager Quality
5. Future Career Opportunities	5. Development Opportunities
6. Respect	6. Future Career Opportunities
7. Job-Interests Alignment	7. Senior Leadership Reputation
8. Location	8. Ethics
9. Retirement Benefit	9. "Great Employer" Recognition
10. Ethics	10. Meritocracy

Results of the survey indicate that the top ten EVP attributes that drive attraction and commitment in United States organizations are:³

It is important to note that four attributes are in the top ten lists for both attraction and commitment:

- Job-Interests Alignment – whether the job responsibilities match your interest
- Future Career Opportunities – the future career opportunities provided by the organization
- Respect – the degree of respect that the organization shows employees
- Ethics – the organization's commitment to ethics and integrity

WHAT is the “core” EVP?

Across all major talent segments and all geographies (globally), the survey identified seven attributes that drive attraction and commitment:

“CORE” EVP ATTRIBUTES		
Attraction	Attraction and Commitment	Commitment
Compensation	Development Opportunities	Manager Quality
Organizational Stability	Future Career Opportunities	
	Respect	

These seven attributes are referred to as the “Core” EVP since they provide at least 60% of the total possible attraction and commitment benefits. Thus, organizations should build their employment value propositions around at least some of the core attributes.⁴

WHY do state agencies and universities need to understand and manage their EVP to increase employee commitment and retention?

An effective EVP can lead to 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 10% in underperforming organizations.

The Corporate Leadership Council research finds that focus on delivering the EVP and improving employee commitment levels, has the following impact on performance and retention:

- Every 10% improvement in commitment can increase an employee’s effort by 6% (performance)
- Every 10% improvement in commitment can decrease an employee’s probability of departure by 9%. (retention)

HOW do state agencies and universities start to build an effective EVP?

Each agency and university is unique in its talent requirements and recruitment challenges. Likewise each agency and university has a unique set of attributes that drive attraction and commitment. Most likely, the set of attributes for any one agency/university will include some of the “Core” EVP attributes and several of the attributes found to be drivers in U.S. organizations. Agencies and universities can

develop their EVP by conducting focus groups, surveying employees and other data collection methods.

A competitive EVP should begin with the seven “Core” attributes most important to attraction and retention, and should be aligned with the organization’s long-term strategy. For agencies that have multiple locations across the state, the EVP should be locally relevant and consistent across all locations.⁷

After an assessment of each attribute’s importance to attraction and commitment, agencies and universities should consider the following:⁸

- Which attributes are consistent with our strategic objectives?
- How capable are we of delivering each attribute?
- How much will it cost to improve our delivery of each attribute?
- How well do our labor-market competitors deliver each attribute?

HOW can state agencies and universities best manage the EVP and ensure credibility in the labor market?

The Corporate Leadership Council concludes that improving employment commitment and retention requires active management of both the EVP and the employee experience. Organizations need to deliver their EVP to current employees consistently and continually. Managers at all levels of the organization need to understand the EVP, and then, carefully align their actions and communication to be consistent with the EVP. The day-to-day environment created by each manager will affect perception of the EVP and, in the long run, have some impact on attraction and retention.

Organizations often fail to deliver on the less intangible aspects of the EVP such as respect, manager quality and development opportunities. Attributes such as these are harder to assess during the recruiting process and more volatile over time. The organization faces a greater risk of employee dissatisfaction with these attributes. These intangible attributes have strong impacts on commitment and put organizations at significant risk of disengaged employees. On the other hand, if these intangible attributes are delivered, the organization will have more committed employees.

Agencies and universities should continually monitor the following to ensure effective EVP management and communication for the purpose of improving retention rates of high-performing employees:

- Early employment experience of new hires
- Formal communication vehicles and messages
- Informal communication such as issues raised by employees, manager observations
- Employee satisfaction results, etc.
- Manager evaluations
- Employee forums, annual employee meeting and events

FOOTNOTES

1. Attracting and Retaining Critical Talent Segments, *Building a Competitive Employment Value Proposition*, Corporate Executive Board, 2006, page 5.
2. Attracting and Retaining Critical Talent Segments, *Building a Competitive Employment Value Proposition*, Corporate Executive Board, 2006. page 20b.
3. Attracting and Retaining Critical Talent Segments, *Identifying Drivers of Attraction and Commitment in the Global Labor Market*, Corporate Executive Board, 2006. pages 63, 65.
4. Attracting and Retaining Critical Talent Segments, *Identifying Drivers of Attraction and Commitment in the Global Labor Market*, Corporate Executive Board, 2006, page 45.
5. Attracting and Retaining Critical Talent Segments, *Identifying Drivers of Attraction and Commitment in the Global Labor Market*, Corporate Executive Board, 2006, page 87.
6. Attracting and Retaining Critical Talent Segments, *Identifying Drivers of Attraction and Commitment in the Global Labor Market*, Corporate Executive Board, 2006, page 49.
7. Attracting and Retaining Critical Talent Segments, *Identifying Drivers of Attraction and Commitment in the Global Labor Market*, Corporate Executive Board, 2006, page 78.

**TABLE 1
ORGANIZATIONAL ATTRIBUTES**

<u>Rewards</u>	<u>Opportunity</u>	<u>Organization</u>	<u>Work</u>	<u>People</u>
Compensation	Development Opportunities	Customer Reputation	Business Travel	Camaraderie
Health Benefits	Future Career Opportunities	Diversity	Innovation	Collegial Work Environment
Retirement Benefits	Organization Growth Rate	Empowerment	Job Impact	Coworker Quality
Vacation	Meritocracy	Environmental Responsibility	Job- Interests Alignment	Manager Management
	Organizational Stability	Ethics	Location	Sr. Leadership Reputation
		"Great Employer" Recognition	Recognition	
		Industry	Work Balance	
		Informal Environment		
		Market Position		
		Product Brand Awareness		
		Product Quality		
		Respect		
		Risk Taking		
		Organization Size		
		Social Responsibility		
		Technology Level		

**TABLE 2
DEFINITIONS OF ORGANIZATIONAL ATTRIBUTES**

Attribute	Definition
Business Travel	The amount of out-of-town business travel required by the job
Camaraderie	Whether working for the organization provides opportunities to socialize with other employees
Collegial Work Environment	Whether the work environment is team-oriented and collaborative
Compensation	The competitiveness of the job's financial compensation package
Coworker Quality	The quality of the coworkers in the organization
Customer Reputation	The reputation of the clients and customers served in performing jobs
Development Opportunities	The development/educational opportunities provided by the job and organization
Diversity	The organization's level of commitment to having a diverse workforce
Empowerment	The level of involvement employees have in decisions that affect their job and career
Environmental Responsibility	The organization's level of commitment to environmental health and sustainability
Ethics	The organization's commitment to ethics and integrity
Formal/Informal Work Environment	Whether the work environment is formal or informal
Future Career Opportunities	The future career opportunities provided by organization
"Great Employer" Recognition	Whether or not the organization's reputation as an employer has been recognized by a third-party organization
Growth Rate	The growth rate of the organization's business
Health Benefits	The comprehensiveness of the organization's health benefits

**TABLE 2
DEFINITIONS OF ORGANIZATIONAL ATTRIBUTES**

Attribute	Definition
Industry	The desirability of the organization's industry to the respondent
Innovation	The opportunity provided by the job to work on innovative, "leading edge" projects
Job-Interest Alignment	Whether the job responsibilities match your interests
Job Impact	The level of impact the job has on outcomes
Location	The location of the jobs the organization offers
Manager Quality	The quality of the organization's managers
Market Position	The competitive position the organization holds in its market(s)
Meritocracy (High Performance Rewarded)	Whether or not employees are rewarded and promoted based on their achievements
Organization Size	The size of the organization's workforce
Organizational Stability	The level of stability of the organization and of the job
People Management	The organization's reputation for managing people
Product Brand Awareness	The level of awareness in the market place for the products brand
Product Quality	The organization's product or service quality reputation
Recognition	The amount of recognition provided to employees by the organization
Respect	The degree of respect that the organization shows employees
Retirement Benefits	The comprehensiveness of the organization's retirement benefits
Risk Taking	The amount of risk that the organization encourages employees to take

**TABLE 2
DEFINITIONS OF ORGANIZATIONAL ATTRIBUTES**

Attribute	Definition
Senior Leadership Reputation	The quality of the organization's senior leadership
Social Responsibility	The organization's level of commitment to social responsibility (e.g., community service, philanthropy)
Technology Level	The extent to which the organization invests in modern technology and equipment
Vacation	The amount of holiday/vacation time that employees earn annually
Work-Life Balance	The extent to which the job allows you to balance your work and your other interests

[EVP and Retention Diagram](#)

www.performanceSolutions.nc.gov/retention/RetentionStrategies/EmployeeValuePropositionandRetention.pdf