

Employee Value Proposition and Total Rewards: Tools of the Trade in Today's Competitive Market*

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Abstract

In today's highly competitive market, an ongoing "war on talent" has emerged: companies are neck and neck to attract, engage and retain the best talent. Corporate culture has changed as well due largely to the generational shift brought by millennials to the contemporary workplace. Employees now seek growth and career development and not necessarily the womb-to-tomb paternalistic relationship of the past. Two important tools and techniques emerge in human resource (HR) management: employee value proposition (EVP) and total rewards (TR). Both put a premium on a more holistic approach in the employer-employee relationship, going beyond mere compensation and financial remuneration that are considered the employment deal. While the terms are very similar, they are not entirely synonymous. This paper seeks to differentiate the two and at the same time provide a point of convergence as to how both can be employed to better manage an organization's HR. Discussions include presentation of cases from select Philippine-based companies that show the complementarity of these tools.

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The contemporary workplace

Companies are neck and neck as competition to attract, engage and retain the best people to run the business has grown stiffer. Human Resources have become such a necessary element in this knowledge economy where what an individual knows is just as important as the people one knows, where one comes from, and what one can offer. A “war on talent” (Chambers et. al., 1998) has truly emerged among employers and the numbers speak for themselves.

Almost three out of every four employers (72%) have difficulty attracting critical-skill employees and nearly three out of five (56%) experience problems in retaining the best talents, reports Towers Watson (2012). The slump in the global economy has forced business to stop hiring, freeze salaries, reduce bonuses and make painful layoffs at a time when more and more employees have become restless—seeking security, stability and opportunities to earn more and not necessarily within their current organization (Sejen & Yates, 2011).

Workplace dynamics have also changed through the years. Up until the 1970s, employer relationships were more paternalistic and employees’ loyalties trended towards lifetime employment. In contrast, the 1980s to the early years of the new millennium saw more profit-oriented corporate standards and reduced worker allegiance. Today, a middle ground has been formed. Where in the past, companies focused on maximizing workers’ performance, employees now expect a certain level of guidance and recognition in exchange for their efforts. Present-day employer-employee relationships can thus be described as a “social contract” between the two parties (Frauenheim, 2012).

Today, a new generation has emerged as a potent group in the labor force: most entry-level positions are filled by the so-called Generation Y. Popularly known as millennials, they are those born in the late 1980s and well into the 1990s. They are optimistic, self-confident, achievement-oriented and sociable. They are also highly interconnected through technology and treat work-life balance as a given. They are most likely to seek learning opportunities and credible role models.

They are different from those that came before them in so many ways. Veterans who were born between 1925 and 1942 will mostly be retiring, but their influence helped shape the corporate world as we know it today. They are most keen on traditional benefit plans and value respect for experience and flexibility the most. The baby boomers or those born after World War II up to the early 1960s are most likely to be in senior management and are thinking of retirement soon: thus retirement planning assistance, training and politically acceptable time off are important to them. They are highly competitive, optimistic and devoted. Next, is Generation X, those born between the 1960s to the beginning of the 1980s. They are the most adaptable and are more likely to seek immediate tangible recognition and rewards, skill development and real-time performance feedback. Contemporary workplace dynamics will be shaped largely by how these generations interact. But as more and more young people enter the work force, armed with the knowledge and life experience far different from those before them, the way work is perceived and appreciated will change as well.

A survey revealed (Moss, 2014) that in the work place, this new generation is ambitious, with almost a third (28%) looking forward to assuming leadership positions in the next 10 years. Around 79 percent say that they are willing to quit their current jobs to start their own businesses as well. Unsurprisingly, majority are not concerned with money but instead look for mentorship and care about the type of work they are doing. They are restless and it comes as no surprise that hiring managers find it difficult to attract and retain millennial employees.

Members of today's workforce have very different reasons for staying in a company, along with motivations to work well and to stay at the top of their game. More often than not, employers seek to retain their best employees while employees continually ask what is in it for them. A lot of times, what employees seek is not necessarily monetary.

Not surprisingly, almost nine in 10 (88%) employees leave their jobs for reasons other than money (Hill & Tande, 2006). Limited opportunities for advancement (39%), unhappiness with management (23%) and lack of recognition (17%) are the bigger factors that lead to employee attrition, even trumping inadequate salary and benefits (11%).

The old paradigm that focuses on how much companies can offer in terms of compensation and remuneration can now be considered passé. More than financial rewards, workers today look forward to the overall experience in working for a company. Lowe

and Schellenberg (2002) say that respect, interesting work, sense of accomplishment, good communication with co-workers and work-family balance were deemed more important than pay, benefits and security. Thus, companies face the challenge of perfecting their talent management practices.

Unfortunately, in the Philippines, many companies, especially among micro, small and medium enterprises (MSMEs), practice poor people management (Binghay, 2015). The lack of a comprehensive HR strategy among MSMEs causes hostilities between employer and employees. Poor work situations and adverse environments result to high employee turnover.

Oftentimes, employees are willing to risk losing income to find better opportunities career-wise. A Social Weather Stations (SWS) report shows that more than half of the jobless voluntarily left their jobs (Mangahas, 2014). Of the 25.9 percent adults who were jobless in the country, nine percent were involuntarily terminated and 13 percent resigned to seek jobs elsewhere.

The success or failure of a company lies in how its people are taken care of. HR management “aims to increase organizational effectiveness and capability—the capacity of an organization to achieve its goals by making the best use of the resources available to it” (Armstrong, 2010). Companies today are more and more interconnected with the rest of the world and are becoming more diverse, not just in terms of culture but also with the inter-generational play among the people within. Thus, proper talent management becomes even more crucial.

EVP or the deal that defines what employers and employees expect from each other (Business Wire, 2013), is an important aspect of this relationship HR must pay attention to. Corollarily, an integrated rewards management system must be employed to attract and motivate the best in order to bring out their best. A TR strategy, which takes into consideration the firm’s compensation, benefits, work-life balance, performance and recognition and opportunities for career development, can be leveraged (WorldatWork, 2011).

These two have become the latest buzzwords in HR today, stemming from the shift in the balance of power between employers and employees. Both put a premium on a more holistic approach into this relationship that goes beyond mere compensation and financial remuneration and carefully considers an employee’s overall experience. In defining TR, however, Kantor and Kao (2004) note that there is some confusion in the usage of these terms. Some

companies mistake TR as mere total remuneration, equating it simply as compensation and benefits, while others define it as anything that is rewarding about working for an employer. The concept of EVP for some is interchangeable with TR.

Thus, this paper shall explore these two concepts by understanding what EVP and TR truly are. This paper also seeks to clarify and find points of convergence and divergence between these concepts. That way, the fruits of employing these techniques can be better appreciated and hopefully applied so that employers and HR managers can better cope with the demands of an ever-changing market.

EVP: striking the deal while projecting an image

There is now a shift in the balance of power between employers and employees. The growing demand for good talent and the existing war for talent have, in a way, emboldened employees. Prospective hires now have greater access to information like never before. Employers no longer take the driver's seat as employees take charge of their career destinies. More than ever, they now ask what is in it for them. After all, as Institut Européen Administration des Affaires (INSEAD) affiliate professor Stewart Back (as cited in Anonymous, 2007) puts it: "But the issue is that employees really do pay a price. You pay a price in terms of the hours you give to the firm, and in some companies that's a 40-hour week and in some companies it's a 100-hour week. You pay a price in terms of the stress and strain, literally the blood, sweat and tears you give... Unless you're a slave or somehow or otherwise indentured, people have a choice."

It is this choice that allows prospective hires and even the most loyal of employees to ask questions that can make employers uncomfortable. This is where the EVP comes in. Simply put, a company's EVP refers to "the experience offered by an employer in exchange for the productivity and performance of an employee" (Sejen & Yates, 2011). It is the employment deal struck between the employer and employee that outlines "the give and the get" that will define their relationship (Tower Watson, 2012).

Employees today no longer look at work simply as a means to a living. The promise of lifelong employment is no longer as attractive as in decades past. Rather, employees look into actual career management with focus on developing the skills and competencies

needed to further one's growth. As such, smart organizations have shifted to career management. Under such circumstance, EVPs today can promise a career joint venture between employer and employee. This basically means that companies should develop a "mutually beneficial partnership between the organization, manager and employee collaborating to improve career-management practices and outcomes" (Wilson, 2006).

Ultimately, every organization must aim to be the employer of choice (Lowe & Schellenberg, 2002). But in order to do that, employers must be able to answer every employee's question of "What's in it for me?" A good company must be able to identify the policies, processes and systems that demonstrate not only a firm's commitment in developing its people but at its core, reinforce the very reason that makes that particular organization superior to the rest. In short, it is what an organization offers and what it delivers better than others.

The process involves: (1) developing a strong commitment to careers through a workforce that is engaged, driven and delivers the necessary outcomes; (2) identifying talent dynamics and the typical progression of workers within the firm; (3) implementing a career infrastructure with defined critical career paths, technical training and development opportunities, and support from managers and co-workers; (4) managers and leaders making people decisions, keeping meaningful decisions and committing to informed choices on talent readiness and assessment; and (5) executing and delivering promises made on incentives and organization success with career management (Wilson, 2006).

EVP as an HR tool also draws its concepts and framework from marketing, essentially "selling" the company's reputation to a specific market: employees and potential recruits. Crucial to the development of a strong EVP is the concept of employer brand or "the package of functional, economic and psychological benefits provided by employment and identified with the employing company (as cited in Barrow & Mosley, 2005).

Companies must be able to effectively communicate how it engages with its employees within the organization. This becomes the unique selling point for potential new hires. Developing a good EVP can also improve a company's positive image as a good corporate citizen in the marketplace. This does not necessarily mean a firm is limited to hiring individuals from the same or similar industries; instead, it

emphasizes the need for a leadership with values compatible to the company's culture (Ruebusch, 2002).

An effective EVP aligns the overall experience of working for a particular company and its culture, mission and values and its TR through jobs and people. The employer brand and the EVP created out of it should also include a clear statement of the company's mission and value, as well as the interpersonal relationships formed within the organization (Finney, 2010). A positive image is developed in the marketplace by projecting how it is a good corporate citizen through the way it treats its HR. By showing that working for the firm can be a source of personal pride and social status, companies can actually take advantage of their brand's attractiveness as the place to be (Bell, 2005).

It is not surprising then that when plying the streets of Metro Manila's central business districts—home to the country's top business process outsourcing (BPO) companies—messaging targeted towards potential applicants have become more personalized. Words like “welfare,” “work-life balance,” “family,” and “partner” among others are often used in ads and flyers to project an image of a nurturing environment for employees.

Evidence shows that these techniques actually work. Companies that used their EVP more effectively were found to be five times more likely to report higher employee engagement and twice as likely to report financial stability compared to those who do not use their EVPs well (Towers Watson, as cited in Business Wire, 2013).

When a company promises something as part of its employer brand, however, it is expected to deliver. An EVP being essentially a deal, both parties will expect each other to pull its end of the bargain. Unfortunately, this is not always the case.

Not many are aware of various labor issues that crop up in the media industry. What these companies usually project are the brands. Television networks, for example, project themselves as having established relationships with their audiences as family, friends, brethren or a loved one. News departments, in particular, talk about offering public service, adhering to the truth and being in the action as events unfold. In the course of writing this paper, the author talked to acquaintances working for one of the country's top news and public affairs organizations. What was shared, however, were cases, both recent and from years ago, which painted a different picture of the inner workings of these organizations from what it projected to the general public.

The acquaintances allowed their story to be told under condition of anonymity. Their names and the organization will not be mentioned to protect their identities.

A class suit was filed against the top management of a media outfit for violations against the Labor Code's rules on regularization. The case was filed by talents or those working in the company's various programs who were not considered "regular" employees, and were thus ineligible to receive statutory benefits such as social security, healthcare and 13th month pay, among others. Their positions ranged from production assistants all the way up the hierarchy to program executive producers.

Some of these talents served the company for more than a decade, often under perilous circumstances (the Philippines being a hotbed for journalist killings), yet do not have management-initiated benefits like health insurance, overtime pay, holiday pay, sick leave and vacation leave under a "no work, no pay" scheme. They often sign contracts that end after one month to three years, which explicitly established a no employer-employee relationship, similar to the infamous "endo" practice in other industries. Under regulations, they are considered "self-employed" if they voluntarily enroll in the Social Security System or PhilHealth, despite the fact they render service as if they were actual "regular" employees.

What is ironic about their situation is how the outfit projects its brand as a reliable media organization dedicated to exposing the truth and rendering public service. The network has won international acclaim for exposing child labor in rural areas, poor working conditions, worker abuse and modern-day slavery; yet these talents relate to their case studies and feel that they too suffer the same injustices. They admit, however, that passion for their profession hinders them from easily leaving the company, as the firm has established its reputation for quality journalism as compared to other organizations. But they share that some of their colleagues had long since left, even before the class suit came up, seeking greener, more stable pastures in other industries.

Clearly, monetary gain is not the be-all-end-all for a worker, and high pay is not just the main selling point for a company in hiring and retaining people. Features such as a good brand that enhances pride in being part of the organization, corporate responsibility in upholding proper conduct and ethics, promoting and fostering respect for diversity and inclusion, work-life balance and opportunities opening up for

professional and personal growth provide companies the leverage of being perceived as an attractive employer (Bell, 2005).

Failure to do so can lead to more drastic consequences. Even with a clear branding and a clear-cut employment deal, a company must deliver the promises of whatever image it projects. The example above shows that when it fails to do so, its employees (no matter what you call them), will speak up and insist on getting their fair share of the deal.

Employees are not hesitant to ask employers what it could and should give. This greatly influences their decision to either remain with the organization or bring their talents and skills elsewhere.

TR: more than just the money

In the previous case study, the talents who filed a labor suit against their employer did not do it because they did not believe in the company or because they hated their jobs. On the contrary, they spoke up precisely because of their passion for the media profession. They did believe that their company stood for truth and service to the public. After all, these were the same people who had accompanied police in raids of brothels and drug dens, the same people who travelled to the most remote communities in the country often under dangerous conditions and even under threat to their lives, the same people who missed Christmases, New Years, birthdays and other celebrations to deliver the news. These were the people who would spend more time in the newsroom or sometimes would not go home for an entire week just to meet their deadlines.

They loved their jobs, to say the least. They believed in the brand their company stood for and the promise it offered them in terms of practicing their profession. What was missing was a just and competitive reward system for its hardworking employees. They said the last straw was being treated as “second class citizens” compared to the “regular employees” who receive all the benefits. What these talents were fighting for were simply the basic benefits the Labor Code mandated.

What was missing was a reward management strategy that “added value” to the people who put in their time and effort for the organization. This is where TR comes in.

Simply put, TR is “an integrated, optimal mix of rewards that help companies achieve the highest [return of investment (ROI)] by aligning rewards with business strategies, delivering value to critical

workforce and building a stronger employment brand” (Petruniak & Saulnier, 2003). For the employer, this means creating value through people to attract, develop, focus and engage, produce and build commitment, ownership and loyalty. For the employee, this entails achieving meaningful work experience through personal fulfillment, wealth accumulation, job security and competitive pay.

It encompasses rewards that are intrinsic and extrinsic, monetary and non-monetary, tangible and intangible. Sound reward management entails putting up “the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded” (Armstrong, 2010, p. 267). It is an essential part of overall HR management.

Unfortunately, not many companies are able to do that. Among MSMEs, for example, employers treat their reward system as nothing more than following the statutory requirements found in the Labor Code. Worse, some enterprises simply sweep everything under the rug. Workers have complained of unfair labor practices and poor working conditions. This is aggravated by a lack of proper, systematic HR management, which is rampant among many MSMEs to begin with.

TR is more than just compensation, remuneration or even benefits. It encompasses various elements, embracing practically everything that employees value and gain from working (Medcof & Rumpel, 2007).

These elements include (Christofferon & King, 2011, WorldatWork, 2011):

1. Pay

Also referred to as compensation, salary or wage, it comprises the most fundamental, tangible reward employers provide employees. It includes fixed or base pay and variable pay which covers short- and long-term incentives. This also includes the bonus plan. It can be considered the most traditional form of reward; nonetheless, it remains necessary for business success.

2. Benefits

Employers have a responsibility to protect employees and their families from financial risks. Basic benefits include health care

and social security as well as traditional ones such as retirement pay, medical and dental insurance and welfare premiums. Benefits also cover non-monetary rewards such as paid vacation and sick leaves and paid time off.

3. Work-life balance

Companies should consider programs that help employees to effectively do their job and minimize work burnout. Flexible scheduling, telecommuting, child-care programs, even paid sabbaticals and the like provide support for employees to succeed in their households as well.

4. Performance and recognition

Organizations must align team and individual efforts towards achieving business goals by establishing expectations, skill demonstration and assessment. In line with this, special attention must be given to employees for their accomplishments and success to reinforce the value of continuous improvement and desired behaviors. Whether formal or informal, cash or non-cash, awards such as verbal and written recognition, trophies, plaques, gift certificates or freebies help acknowledge employee contributions immediately after the fact, especially for those who go beyond the call of duty.

5. Learning and development

Employers can also motivate its workforce by planning their personal career advancement and skills improvement. Trainings, tuition assistance, coaching and mentoring programs, succession planning, apprenticeships and performance management can be implemented as part of career-enhancement endeavors.

These key categories meld together to form an organization's TR strategy. Applying these rewards systems should be geared towards articulating a unique value proposition to attract and retain current and prospective workers while implementing programs with maximum motivational impact to bring out desired behaviors (Kantor & Kao, 2004). Thus, TR seeks to create a win-win, symbiotic relationship, which in turn generates positive outcomes for the bottom line.

Putting up a good TR system, however, can be tricky. Companies that have already embraced such a system find it challenging to constantly improve and maximize its benefits. Companies often find themselves struggling to connect their rewards and recognition programs with their employees (Anonymous, 2007). After all, a well-thought out design or plan can never be fully executed without the support of the stakeholders themselves, and this is especially true in getting employees and managers to actively engage in the TR program.

There is also the issue of equity. Employees, and sometimes even employers, have very little understanding of where the value of the business comes from and how the business operates. Equity thus turns out to be a scarce resource that has to be rationed in the long run (Norman, 2000). An Institute of Management and Administration (IOMA) Report on Salary Surveys revealed that some workers are over-titled or are being paid less than 70 percent of their market value for their job title. This leads to complications both ways. Employers need to be realistic about the job titles they offer and their corresponding description. On the other hand, employees can now easily compare their jobs' salary with other companies via the Internet but they also fail to appreciate the value of the benefits they receive (Anonymous, 2007).

Inevitably, companies will also have to look at their bottom lines. HR departments find themselves working with limited budget and have difficulty in determining what to include in their rewards package (Starzmann & Baca, 2004).

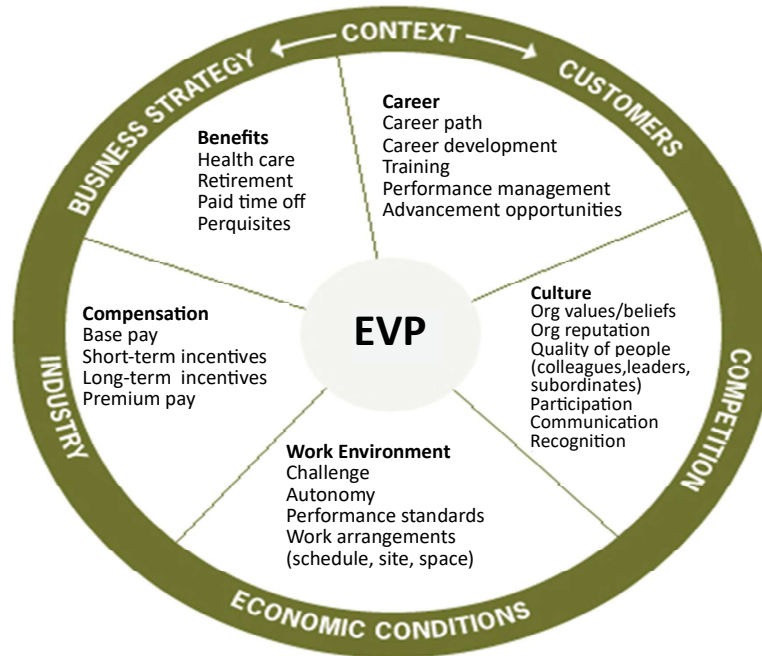
Given these challenges, how can companies create a rewards system that will cater to the needs of employees, especially the best ones it intends to keep, while being all too wary of their limitations—financial and structural among others?

This is where the EVP and TR converge as two potent techniques in facing the challenges of today's workplace.

Converging EVP and TR as complementary techniques

It is important to look at the EVP and TR as two distinct tools or frameworks which HR managers can use at their disposal. They are not “magic bullets” nor are they one-size-fits-all schemes with rigid rules to be followed. As established in the previous sections, these two concepts are connected to each other. They are similar but not entirely synonymous with each other.

Table 1. EVP Model

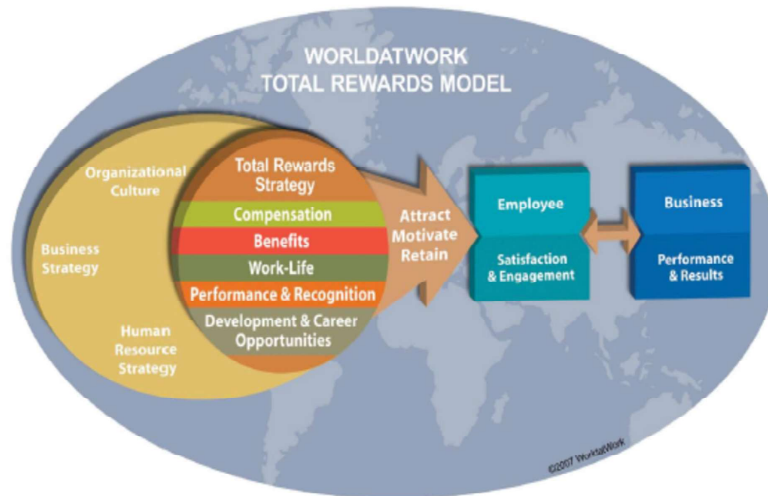


On one hand, the EVP puts an emphasis on projecting an image or employer brand by offering a deal between the company and potential hires. It could help companies become the employer of choice (Binghay, 2016). Borrowing concepts from marketing, companies can use the EVP to “sell” themselves as the employer of choice. The EVP as the organization’s corporate image is enveloped within the overall business strategy but it is also embedded within the overall relationship of the business vis-à-vis the industry, competition (especially in the job market), and the economic conditions (Table 1). It is what the organization stands for (Axiom Consulting Partners, n.d.).

On the other hand, TR answers the bread-and-butter issue of “what’s in it” for employees. It looks into pay, benefits, work-life balance, performance and recognition and learning and career development. TR systems cannot exist outside an organization. Instead, they are deeply ingrained and molded by its particular culture, overall business and HR strategies. WorldatWork (2011) provides a clear model as to how the TR strategy fits in the overall organization (Table 2). This particular model encourages companies to leverage on five key

elements to attract, motivate and retain talent: compensation, benefits, work-life balance, performance and recognition and development and career opportunities. It emphasizes a give-and-take relationship where the employer provides TR valued by employees who in turn deliver time, talent, efforts and results and vice versa. It is influenced by the overall business strategy, organizational culture, the HR strategy, external influences and geography, all of which provide context that tailors TR to a particular company.

Table 2. Total Rewards Model



Source: WorldatWork, 2011

Both offer a holistic approach in rewarding and taking care of a company's HR. Both put a premium in taking care of employees so that they too would take care of the company. Both, as distinct HR tools, can work very well in addressing the changes of today's workplace and gearing up for the "war on talent."

Yet, EVP and TR would work best as a complement to each other. In developing the EVP, employers must pay particular attention to the overall corporate culture or "the shared values, attitudes, standards and beliefs that characterize members of an organization and define its nature," which in turn is rooted in a company's "goals, strategies, structure, and approaches to labor, customers, investors and the greater community" (Inc., n.d.). This becomes the unique selling proposition

that they can use to entice potential recruits. However, corporate culture will not necessarily manifest itself outright. At the end of the day, an employee will seek what he/she can gain in joining a particular organization. Thus, in the author’s analysis, TR serves as a foundation for a company’s brand and therefore, its EVP (Table 3).

Table 3. Combined EVP and Total Rewards Model



Embedded inside the organization’s corporate culture is the EVP with the TR system that will put the necessary value into the work and dedication a worker puts in for the company. TR should already take care of both the intrinsic and extrinsic motivations that will keep an employee going. It also becomes a fundamental manifestation of a company’s dedication to look out for those working within the organization. When a potential recruit asks, “what’s in it for me?” the TR will be an important factor in sealing the employment deal. And when an employee has already rendered service to the company, the “promises” made from the EVP will be checked vis-à-vis the rewards he/she receives. Hence, everything comes back full circle.

Key to the effective implementation of this cyclical process is communication. Programs will not serve their purpose if employees remain unaware of what’s in it for them. Unfortunately, because of ineffective communication, the primary elements of the rewards

program are lost and employees are drawn somewhere else. Thus, the goal now is to understand individual learning styles, know the target audience and decide on what and how to communicate (Sanders, 2001).

The quality of communicating the EVP and its component TR is as important as the quality of the program itself (Kapel & Wright, 2006). Some firms try to communicate but do not get expected returns because employees do not fully understand or appreciate what is being offered. As such, the employer brand or “the package of functional, economic and psychological benefits provided by employment and identified with the employing company” (Amber & Barrow, 1996, as cited in Barrow & Mosley, 2005), becomes all the more vital. If companies can remind their employees of their TR quarterly, monthly or on demand, its impact will be greatly increased (Workforce Management, 2009).

In building the employer brand with TR, companies must identify key stakeholders and co-create their EVPs (Frow & Payne, 2011). Specific audiences must be targeted so as to effectively communicate with them. In cases where tensions may arise, especially with regard to profit maximization and other company values, it is crucial that companies know what their core values are. To do so, extensive knowledge sharing and communication must be facilitated among all relevant stakeholders. This includes people within the organization as part of overall business strategy, the customers or clients, the job market and the so-called “non-customer stakeholders” such as other members of the industry and overall economic players who, even if not directly involved in the establishment, can also help out in the co-creation of values. Effective enterprises are able to recognize and manage conflicting interests of stakeholders.

Effective communication is important in minimizing employee cynicism characterized by expressions of apathy and resignation, a sense of alienation and helplessness and the ability to undermine leaders, institutions and the practices they support. This happens when employees see little benefit in strict adherence to ethics and morality, the root of which is the violation of the psychological contract which parties agreed upon (Andersson, 1996).

The “feedback loop” (Miles & Mangold, 2005) becomes a crucial element of the entire employee branding process. It provides for the monitoring of consequences of the processes undertaken, as well as the identification of areas for improvement. In evaluating their programs, companies should watch out for red flags that predict

employee cynicism such as: business environment characteristics that highlight huge inequities such as harsh layoffs, high executive compensation and unjustified corporate profits; structural defects in the organization such as infrequent or inadequate communication, limited voice expression, discourteous impersonal treatment, managerial incompetency and the use of inconsistent, trendy management techniques; and job-related characteristics such as role ambiguity, conflict and job overload (Andersson, 1996).

The All-Stars

The concept of the “employer brand” has roots very similar to the idea of the brand in public relations. Whereas public relations (PR) is essentially doing good works being communicated, the EVP means effectively communicating a good TR system. A company’s EVP answers the question of “what’s in it for me” by effectively communicating its TR.

And when a company finally has employees who truly understand its desired brand image and uphold their end of the psychological contract, this company can then be described as an “all-star” (Mangold & Miles, 2007). All-stars provide consistent communication that reinforces the organization’s mission, values and objectives. Further, greater communication and information flows among employees make a firm more likely to be internationally competitive (Chadee & Kumar, 2001).

Treating employees well has far-reaching consequences, as pointed out by Maxham, Netemeyer and Liechtenstein (2008). They note that those who are treated justly perform better. Their perception of organizational justice spills further as positive customer evaluation. TR also connects business strategy to create a high performance culture. It likewise generates maximum return on the rewards program investment, creates affordable and sustainable costs and supports the overall employment brand (Morris, 2005).

In Canada, for example, healthcare center Trillium effectively delivered its TR programs with the simple line: “You matter.” The company launched a People Promise campaign, which focused on instilling pride among employees. The company made sure that its management teams were all informed and equipped to handle employees’ questions regarding the program. They also worked on

making personalized TR statements and incorporating these into their HR information system so changes in employee pay are not made manually (Anonymous, 2010). The company has since been recognized as one of the Best Workplaces in Canada.

Another Canadian firm, the Saskatchewan Research Council, has been targeting a diverse market because of its diversified businesses. As such, they built a flexible design in their TR program to deal with the demands of their diverse workforce. The company has implemented TR for years, making changes and tweaks as the economy and its population changed. Among the elements in their TR are compensation structures, health spending account, pensions and education programs through development. They follow a cycle, finishing one element then picking up another. Rewards are influenced by employee feedback from regular engagement surveys, focus groups with independent consultants, staff relations committee and pension advisory committee. Feedback helped the organization tweak their programs and find the strategy suitable to what everyone was looking for (Dobson, 2011). In designing a reward program, it is important that companies strive for the “best fit” and not necessarily the “best practice” approach (Morris, 2005) to maximize participation by the very people the program intends to cover.

In the United States, Southwest Airlines developed an employer brand that emphasized putting the employee as number one and customers second. The successful communication of the company’s mission and values and the alignment of their messages contributed to the branding success of the airline as well. The recruitment and selection process entailed making sure that prospects align their attitudes and values with that of the organization’s desired image. Trainings were also conducted to review and reorient employees to the company’s brand. In this aspect, Southwest Airlines can be considered an “all-star” (Mangold & Miles, 2005).

Grocery chain Longos faced a rather peculiar challenge: the company doubled its employee base over the past six years, but management was not given credit by the employees, as seen in their engagement surveys. They wanted their employees to know that the company was giving them so much in terms of benefit and support, so they mailed individualized TR statements to each worker. This boosted the visibility and transparency of their TR system. Longos also put up communication boards in each of its 25 stores with information on the different areas of their TR. Longos managers were encouraged

to discuss TR in daily meetings and direct employees to the boards to see what is new. TV screens were installed in lunchrooms to push out ongoing corporate communications, a big part of which presented TR. Alongside revamping communications, Longos also updated its employee benefits programs to keep up with the growth of the organization. While the change in TR management had been uncomfortable, it increased engagement scores in some areas of the business, increased employee survey scores for questions on the relevance of benefits and the fact that the company cares for them and their families. Further, increased visibility enabled Longos to continue attracting and retaining great talent and helped raise their brand awareness (Silliker, 2012).

Becoming an “all-star” is not an easy task, but it is not impossible either. It takes dedication, patience and a lot of experimenting as well. Managers have to be creative if they want to maximize their respective EVPs and rewards systems. More often than not, plain common sense and sensitivity to the needs of employees can be all it takes to effectively attract, retain and motivate the cream of the crop.

Companies that follow through on their employment deal, founded on a strong TR system, and communicate its employer brand well will eventually find themselves in an advantage. Industry insiders reported that implementing strategies on career management have provided their companies some key benefits (Wilson, 2006). More than eight out of 10 (84%) say that they have the “right skills in the right place.” Others report retaining high performers (68%), differentiating across performance levels (58%), increasing personal employee ownership for careers (58%) and improving greater transparency in promotions (58%). A high number of performing and global organizations have an EVP in place (Browne, 2012). Some of the quantifiable benefits observed were improved attractiveness as signified by a higher rate of recruitment, greater employee commitment and compensation savings.

Some empirical evidence from the Philippines

The following narrative will attempt to illustrate how two concepts in HR management, EVP and total rewards management (TRM), can have huge implications to a company’s success. Taken separately, they seem to be effective tools in maintaining and

motivating employees, but real-life cases, presented here under pseudonyms, actually show that the two cannot be taken separately; they are meant to be complementary.

The data from these real-life cases are mostly drawn from interviews with sources inside the companies who were given anonymity because they were not authorized by the company to speak on its behalf and from secondary sources. These secondary sources were mostly company websites and portals and job rating websites like jobstreet.com. Data gathered mostly dealt with how the company took care of its employees, how much benefits and opportunities employees received in addition to compensation and the sources' perspectives on whether or not the company was treating its employees fairly enough. Ratings from jobstreet.com were also very useful as complementary data in assessing the robustness of the companies' EVPs and TRMs, as well as the narratives seen in comments made by employees who rated the company.

Cases. We can first look at three instances: Company A is a corporation set up in the 1990s and has retained its name after a series of incorporations and mergers. It presently deals mostly with residential development of high rise condominiums as well as retail and office leasing. It has a sound and articulated EVP but an unsound, incoherent and incomplete TRM. Company B is one of the largest casual dining companies with more than 500 stores across 13 countries locally and internationally. It has no sound and articulated EVP but has a solid, coherent and complete TRM. Lastly, Company C is one of the leading suppliers in the electrical equipment, appliance and component industry and has a sound and articulated EVP coupled with a solid, coherent and complete TRM.

This paper will now look at how these companies compare in key areas regarding employee motivation and retention.

The lack of a good TRM in Company A has made it hard for them to recruit and keep key employees: there is very low pay, a lack of promotion opportunities and an overall lack of community inside the firm that makes it hard to foster a good work environment. In addition, workers are on call 24/7, making it hard for them to achieve work-life balance. Despite the clear message of what they want their workers to have as conveyed by their EVP, they have trouble taking care of their employees, resulting in a high attrition rate.

Although attrition rates are relatively lower in Company B, they face a different issue due to the lack of an EVP. The emphasis on improving service for customers has resulted in neglecting the important task of building a strong and unique image that will differentiate themselves from their competitors. In effect, it is hard for them to recruit employees that are “hard-to-find” talents. Good pay, benefits, recognition of performance and the provision of a good work-life balance have been sufficient for the meantime in retaining their employees. Still, the main issue is recruitment.

In Company C, both the EVP and TRM are clearly defined. As such, there are no problems with recruitment, since the firm makes clear that it offers competitive salaries and benefits, is non-discriminatory, is committed to providing a harassment-free workplace and fosters an innovative and diverse workforce. Exceptionally high salaries and benefits, including opportunities for training for additional skills and loyalty and performance rewards also make it easier to retain employees, with an attrition rate of one percent.

It is evident from these cases that it is incredibly important to have both policies in place and working, since the two work in complement. If the EVP is strong but the TRM is weak, there may be problems with employee retention, which may also result in some spillover to recruitment. A weak EVP hampers recruitment, which means significantly more even if one is able to retain them through a strong TRM. The two combined, however, gives a strong foundation for the company’s HR that ensures reliable recruitment, even for positions where talents are scarce and low attrition rates.

There we can see that the main goal of the complementary work of EVPs and TRMs in HR management is to attract, motivate and retain talents. How the effectiveness of both policies affect the ability of a firm to attract, motivate and retain employees will be discussed through six other cases, which will be named Companies A1, A2, B1, B2, C1, and C2.

Company A1 is a corporation in the business consulting and technology services industry with more than a 10,000 employees. It is one of the leaders in the industry, both local and globally. Similarly, Company A2 is also one of the leaders in the oil and gas industry and deals with petroleum, oil, gas and chemicals. Company B1 was a business services sector of Company A1 in 2013 and operated mainly in the business process outsourcing (BPO) industry. Company B2 also functions in the BPO industry but on a larger scale, operating with

more than 10,000 employees. Company C1 is another company in the BPO industry and is known for its competitive culture due to the democratized and flexible organizational culture, which they modeled after Google. Company C2, in contrast, is a management consultancy company specializing mostly in leadership and talent consulting and recruitment, with more than 7500 employees.

Companies A1 and A2 both exhibit robust EVPs and TRMs. Intuitively, it can be gleaned that both firms' ability to attract, motivate and retain talents will similarly be robust. Attraction is taken care of by high salary rates, multiple benefits and the value promised and given to employees. Recognition and rewards, both monetary and non-monetary, help in motivating high performance. Since there are also a lot of opportunities to expand the skills and competencies of their employees as well as for vertical mobility, there is job security, helping in retaining talents for the firm. Benefits extend through multiple dimensions of health: physical, mental, social, financial and purpose. Feedback from employees show a trend of very high ratings; there are positive reviews regarding the compensation and benefits, and even the culture of the company.

In contrast, Companies B1 and B2 showcase a coherent TRM but a weak EVP. Thus, there is a negative effect on the ability of the firms to attract, motivate, and retain talents. Although the TRM offers a bevy of benefits, the lack of a strong EVP has reflected as poor management and a lack of concern towards employees. Incentives are also regularly delayed, and there are no increases in salaries. Feedback from employees, as expected, is very negative. One review defines the company as "productive, but unable to take care of its employees." Salaries are competitive, but the accompanying workload makes it more of a deterrent. Motivation is low due to low employee confidence in management. Attrition rates also end up being very high.

Another shortcoming can be seen in Companies C1 and C2, where a strong EVP is exhibited alongside a weak TRM. While the strong EVP is good for recruitment, retention becomes a problem when benefits and pay are not as competitive as they should, leading to people leaving for higher paying jobs. There are also less opportunities for employees to acquire skills that will help them progress up the corporate ladder, implying a lack of continuity in the position they currently hold. It also becomes hard to motivate people since rewards for higher performance are also not available.

Another example is Company R, which is the shared services arm of a leading global provider of professional information solutions for various sectors, with more than 3000 employees. Company R exhibits a strong EVP with a similarly strong TRM, extending the message that they value their employees through increased opportunities, benefits and compensation. Annual and quarterly rewards and recognition are also present, as is a healthy work-life balance.

On the other hand, Company K has no sound and articulated EVP in place but possesses a sound, coherent and complete TRM. Company K is an engineering and construction company that specializes in commercial and residential buildings to high-rise industrial packages. While additional allowances and benefits, alongside learning opportunities and recognition and rewards are present, there is a lack of value-giving to employees, leading them to only attract talents due to large compensation schemes but be unable to retain them.

Company P is another BPO specializing in customer services which extends worldwide with an estimate of 1000 employees. With a sound EVP, there is smooth communication between employer and employee as to what the former is offering the latter. However it has an unsound TRM resulting in the lack of opportunities the company is willing to give which makes it hard to retain top-level talent.

Company PC is a fast-moving consumer goods (FMCG) company with thousands of employees whose main products are staple brands in everyday consumption. Alongside being a household name, it also bolsters its competitiveness in the labor market by having a properly articulated EVP, a complete TRM, and thus is able to attract, retain and motivate employees. The company has created a workforce reflecting the diversity of the consumers and internalizing these different individualities into the workplace. In addition to competitive pay in terms of market standards, a bevy of benefits and incentives, there are also variable compensation packages like allowances, bonuses, sales incentives and other longer term perks.

Company CB is one of the giants in the local broadcast media with approximately 10,000 employees. It has a complete TRM but no clear articulated EVP, hampering its ability to attract, retain and motivate employees, since there is no clear value message and no vision of what the company wants for its employees. However, attrition rates are kept to a minimum due to the fact that it is already the local

industry leader and the TR package is barely comparable to other, smaller companies in the same industry.

Company CC, a shared services establishment for a multinational firm in the FMCG sector with 1,005 employees, has a solid EVP, promoting its employees' quality of life and creating a fulfilling work environment for them, with the belief that fulfilled employees create satisfied customers. It also believes in infusing company values and strategies in the employee through training and development interventions and enhancing personal and professional growth by promoting work-life balance. However, the TRM seems to be in dire straits. It is not one of the top players in the industry and there are no flexible work arrangement programs. Thus, there are difficulties in attracting employees in the first place, and when they do, to motivate them.

Lessons learned

One thing in common with the above mentioned cases is that both the TRM and EVP need to be SOUND, COHERENT and COMPLETE in order for a firm to consistently attract, motivate and retain employees. An incomplete EVP might strain the connectedness of the employee to the company and hinder any long term future he/she may have with the company. On the other hand, a weak TRM may prove fatal as it can damage the competitiveness of a company within the labor market with low wages and a small number of opportunities for learning and development. The two exist to be complementary; a company simply cannot be expected to be consistently successful at recruiting talents, retaining top talents, and motivating employees for higher production if one of the two is incomplete.

Conclusion

As the war on talent continues, companies will have to bring all the ammo they need to survive. An ever-changing workforce constantly defines and redefines the dynamics of how employers and employees relate with one another. Technology too has become an important tool for ever restless employees to search for opportunities.

The generational shift and the rise of the millennials have also changed the personality, mood and aspirations of today's labor market.

The challenges ahead may be daunting, but good HR managers will benefit from the convergence of EVP and TR as tools that complement each other and, when planned, implemented and communicated properly, provide a competitive edge in a changing, volatile market.

TR provides a model for rewards management that encompasses wages, benefits, work-life balance, performance and recognition and career and professional development. It encompasses intrinsic and extrinsic rewards, tangible and intangible rewards, monetary and non-monetary remuneration. It is concerned largely with how companies live up to their employment deal with its workers and puts them in the limelight, reflecting the paradigm shift from the old top-down management approach. Likewise, it is a transformative initiative that requires thorough assessment, design, execution and evaluation. When implemented effectively, hurdling challenges in engagement, fairness, cost and communication, TR can provide leverage in solidifying a firm's employer branding and overall employee value proposition.

On the other hand, successful employee branding results in reduced employee turnover, enhanced employee satisfaction, higher levels of customer satisfaction and loyalty and a favorable reputation among stakeholders (Mangold & Miles, 2005). Instead of intimidation, EVP and TR unlock opportunities precisely because of their similarities in principle: a holistic approach that goes beyond mere compensation and remuneration and emphasizes the importance of career management, work-life balance, recognition and development.

Millennials are no longer just a new force to be reckoned with or a necessary evil that is fast becoming the biggest chunk of today's workforce. Instead, they become potential partners and even leaders who can offer new perspectives to the tasks at hand and take an organization to new directions.

The empowerment of the contemporary employee does not necessarily mean the emasculation of the employer. Instead, this "tilt" in power balance means that unlike before, the employer-employee relationship has become somewhat like a constant dialogue. Now more than ever, communication lines need to be open and transparent and walls need to be brought down.

In a time of economic volatility, the ever-restless employee in a time of economic volatility can become an opportunity for the company to constantly strive to be better. By recognizing that we are no longer operating in our grandfather's womb-to-tomb style of employment, our companies can instead focus on their core values and strengths, building up on them so that they stay on top and a cut above the rest.

Fierce competition for talent in the new knowledge economy necessitates building partnerships and transforming employees from being mere personnel into allies that will help the company move forward. At the end of the day, it all boils down to the essence of HR management: taking care of the people so that they, in turn, will take care of the business.

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