

Sustainable EVP: An analysis of factors and its impact on employees' intention to stay

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Abstract

The challenge in today's employment scenario for any organization is to be able to attract, engage and retain talent. Companies are coming up with new strategies to ensure retention of employees. Employee value proposition (EVP) has emerged as an important means which organizations are using to position themselves as best places to work. However to ensure the sustainability of EVP the organizations need to identify certain factors which makes it viable in the long run. This is a conceptual study which tries to understand the factors for a sustainable EVP that can foster employees' intention to stay with the organization. The study explores organizational factors as well as individual factors which make the EVP sustainable. As per the previous studies, Psychological contract fulfillment (PCF) which is the unsaid agreement between employer and employee and trust could be considered as organizational factors for sustainable EVP. Work values and value congruence which shows an alignment between organizational values and employee values could be two important individual factors for a sustainable EVP. This conceptual paper gives a proposed framework for sustainable EVP and its factors.

Keywords: Employee value proposition, sustainability, Psychological contract fulfillment, work values, value congruence

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I. Introduction

Sustainability has become one of the most widely discussed topics by academics as well as business practitioners in the field of management. This is because it refers to sustainable existence and competitiveness of organizations in the long run (Porter and Kramer, 2006). As this concept is now being recognized as important aspect of business organization, its significance is being recognized even in the context of HRM.

However, in human resource management it is still in the emergent phase. One of the areas of focus is the contribution of human resources in promoting sustainable competitive advantage of an organization (Kazlauskaitė & Buciunienė, 2008; Khandekar & Sharma, 2005).

In the more recent times the focus is on long lasting practices that may facilitate well-being of the employees in the workplace and to set up a distinctive and flourishing corporate establishment (Tvaronavičienė, 2014). This is a very challenging issue for HRM as it should ensure attraction and maintenance of skilled and knowledgeable workforce in the organisation so as to fulfil the organizational mission (Ehnert, 2009a) and thereby promote and ensure competitive advantage of the organizations (Wilkinson et al., 2001). In spite of various research and discussion, no concrete method or strategy has been identified to address the issues of employee well-being, attraction and retention in a sustainable manner in an organization.

II. Employee Value Proposition (EVP)

Employee value proposition has been defined as the value or benefits which an employee receives from his organization in exchange for the services offered by him/her and compares it with those of other organization to determine its worth (Heger, Brian K, 2007). EVP constitutes the entire relationship that exists between employee and the employer and not just the pecuniary benefits and rewards. It takes encompass the company culture, mission, vision and values and efficient leadership. It's about the whole employee experience

(LaurySejen, global head of rewards at Towers Watson, a professional services company in New York, 2011). It is an unspoken mutual agreement wherein the employer provides certain benefits in terms of compensation, job growth and opportunities and amicable work environment in exchange for the effort and skills of an employee which helps in fulfilling the organizational goals and purpose. (Make a 'Deal', Fox, Adrienne .HRMagazine; Alexandria 57.1 (Jan 2012): 37-38,40,42).

2.1 Importance of EVP

All organizations aspire to become employer of choice (EOC) which starts with defining and establishing their value proposition. Value proposition entails endorsing certain promises to prospective employees as well as existing employees. Hence, becoming an EOC takes into account 2 aspects which are value proposition and promises. Image and brand of an employer also affects the choice of prospective applicants.

III. Objectives of the Study

- 1) To understand the concept of sustainable EVP
- 2) To understand the factors which can make EVP sustainable
- 3) To identify the impact of sustainable EVP on employees' intention to stay

IV. Theoretical Justification

4.1 Sustainable EVP

Employee value proposition has been identified as the benefits along with a set of values which takes into account the mission and vision of the company which further engages the employees and makes them understand what is being offered by different organizations. (Coleman, Alison. Employee Benefits, 2014)

Sustainable HRM addresses the need to meet the best possible requirements of the current issues along with maintaining the capability to meet the future requirements (Mariappanadar, 2003, p. 910). This implies that along with economic profit organizations should also ensure well-being of its stakeholders i.e. employees, their families, and society. Organizations can develop well formulated EVP embracing the idea of sustainable HRM

Sustainable HRM plans should be well communicated by the HR managers to the employees (Cohen et al., 2012; DuBois and DuBois, 2012; Jackson et al., 2011). Research suggests that HR department is in a better position to inform changes pertaining to organizational policies to the employees which would influence the culture to promote sustainability (Andersson et al., 2005; Daily and Huang, 2001; Klassen and McLaughlin, 1993).

Even though there are various sustainable practices being practiced by organizations under CSR for the benefit of the society less endeavour has been made to ascertain the care of the employees who are the real source of organizational existence and profit. A well-developed EVP can be used for furthering the employee interest and looking to their needs.

However even though value proposition with sustainability aspects can be put forward by the organizations for the employees the values need to be reciprocated by the employees for its successful implementation. We, therefore, need to identify the factors which can help in realising sustainability for the organization and make the EVP sustainable.

4.2 Organizational Factors

4.2.a. Trust

Trust has been defined as the readiness of exchange partners to fulfil the expectations of each other even in the absence of any vigilance from one another. McAllister (1995) defined trust "as positive expectations about and a willingness to act upon the words and intentions of an exchange partner." This definition further gives two classification of trust. One is based on cognition and originates from a logical understanding of trustworthiness of the partner. The other is affect-based trust which comes from emotional attachment with the exchange partner. These concepts of trust have been used in understanding the role of SET in various research which include empowerment, communication, justice and inducements and the reciprocative phenomena such as job performance and citizenship behaviour (e.g., Colquitt, LePine, Piccolo, Zapata, & Rich, 2012; Aryee, Budhwar, & Chen, 2002; Konovsky & Pugh, 1994; Huang, Iun, Liu, & Gong, 2010; Montes & Irving, 2008; Yang, Mossholder, & Peng, 2009). EVP which has been described as the exchange between the employee and organization can work best under the conditions that there is trust in the organization.

4.2.b. Psychological Contract Fulfilment (PCF)

This has been described as the belief of exchange partners regarding mutual benefits that they will both gain from each other (Rousseau, 1990). The benefits can be further classified into transactional contract which

comprises salary along with bonus and incentive in exchange for hard work and relational contracts which comprises job security as promised by employer in exchange for commitment by the employee. Transactional aspect has been found to be short-term measures whereas relational aspect is more of a long term phenomena (Krishnan, 2011). PCF is perceived to be high when employees feel that the promised benefits have been delivered by the organization. Psychological contracts have been found to have positive association with productivity, job satisfaction and ethical behaviour (Rousseau, 1989, as in Sims, 1994; Goddard, 1984; Gould-Williams, 2003). A well defined EVP will always come with PCF as value proposition also entails delivering on the promises and other commitments made by the organization.

4.3 Individual Factors

4.3.a. Value Congruence

Value congruence is also referred to as supplementary fit which refers to the resemblance or likeness connecting the values of employees and the organization. This phenomenon also known as 'homogeneity hypothesis' (Schneider et al. 1995) posits that similar values between organization and employees serve as a source of attraction which however has its own demerits. Too much resemblance leads to stagnation as there are no new ideas. However, research studies have found that value congruence between workforce and the organization has a positive relation with attitudes such as satisfaction and commitment (e.g., Adkins, Ravlin, & Meglino, 1996; Boxx et al., 1991; Furnham & Schaeffer, 1984; Rosete, 2006). Schneider's attraction proposition was tested which measured personality with respect to the type of organization and reward system (e.g. Bretz et al., 1989). It was found that people with high need for achievement preferred organizations that rewarded employees individually. Turban and Keon (1993) conducted a study on management students in which they found that participants who were high on need to achieve preferred organizations with merit-based reward structure as compared to those with low need to achieve.

4.3.b. Work Values

Cultural differences along with various types of fit such as person-job fit and person-organisation fit have been found to be important in determining recruitment success. Research shows that culture is an important factor in determining work values of a particular place or country. (Hofstede 1980; Pelled and Xin 1997; Schneider and Barsoux 1997; Trompenaars and Hampden-Turner 1998; Jaw et al. 2007). A study conducted with the participants from Turkey and Latvia revealed that Turkey perceives benevolence i.e., giving back to the society and knowledge sharing as important aspects of employer attractiveness when compared to Latvian respondents (Almaçika et al., 2014). Indians have a relationship based culture which shows distinguished work values than western culture. Job seekers in India give more preference to organisational stability, employee well-being and value compliance more as compared to England and the US employees (Chatterjee and Pearson 2000). The management of human resource in today's time should also take into account employees' emotional expectations along with their personal values as these impact their work attitude and organizational conduct (Sengupta et al., 2015). An individual's work behaviour is shaped and influenced by his personal value (Illies and Reiter-Palmon, 2008) which also goes on to determine his decision-making, analytical thinking and behaviours (Suar and Khuntia, 2010). Schwartz et al. (2012, p. 664) posited that values are a set of belief which helps to explain the attitude, decision-making and behaviour of an individual. Every organization has its own set of mission, vision and goals. Study shows that it is important to understand the relation between values and behaviour i.e. an organization focussing more on innovation needs employees who are high on creative values (Scott and Bruce, 1994). Similarly, Gilder (1971) has posited that entrepreneurial ability is guided by a "firm hierarchy of values" (p. 258).

4.4 Intention to Stay

Employees willing to work for an organization for a long period of time exhibit intention to stay tendency. On the other hand if the employees do not intend to work for an organization for a long time, it is known as turnover intention. Employees will be willing to work for long time if they get the right kind of value proposition in an organization.

V. Discussion

The literature review of the above variables gives us the theoretical framework as given in Fig. 1. Value proposition for internal employees are very important for organizations to attract and retain employees. For any organization, retention of employees is a bigger challenge than mere attraction and subsequent recruitment. Hence enhancing the employees' intention to stay becomes crucial for employers as they want to retain talent and cut down on attrition. Intention to stay can be instilled in employees by a compelling and sustainable EVP. Sustainability can be brought about by providing the employees a reassurance that they have been provided the benefits that they were agreed upon by the organization as per psychological contract fulfilment. The various

kinds of contract that were part of the employment relationship if fulfilled can give an impetus to EVP and thereby ensuring its sustainability. This in turn will create trust between employee and employer and ensure long-term relationship. As for individual factors, value congruence which states that if the values of an individual are in alignment with those of the organization, it would make the employees feel a sense of relatability with the organization. They will feel themselves to be an important part of the organization which will enhance their own self worth in the organization and hence strengthen relationship with the organization boosting their intention to stay. Work values will also help in employee retention as the employees would feel that their values and those supported by the organization are quite similar. This would enhance person-organization because of a certain culture, norms or practices prevalent in an organization.

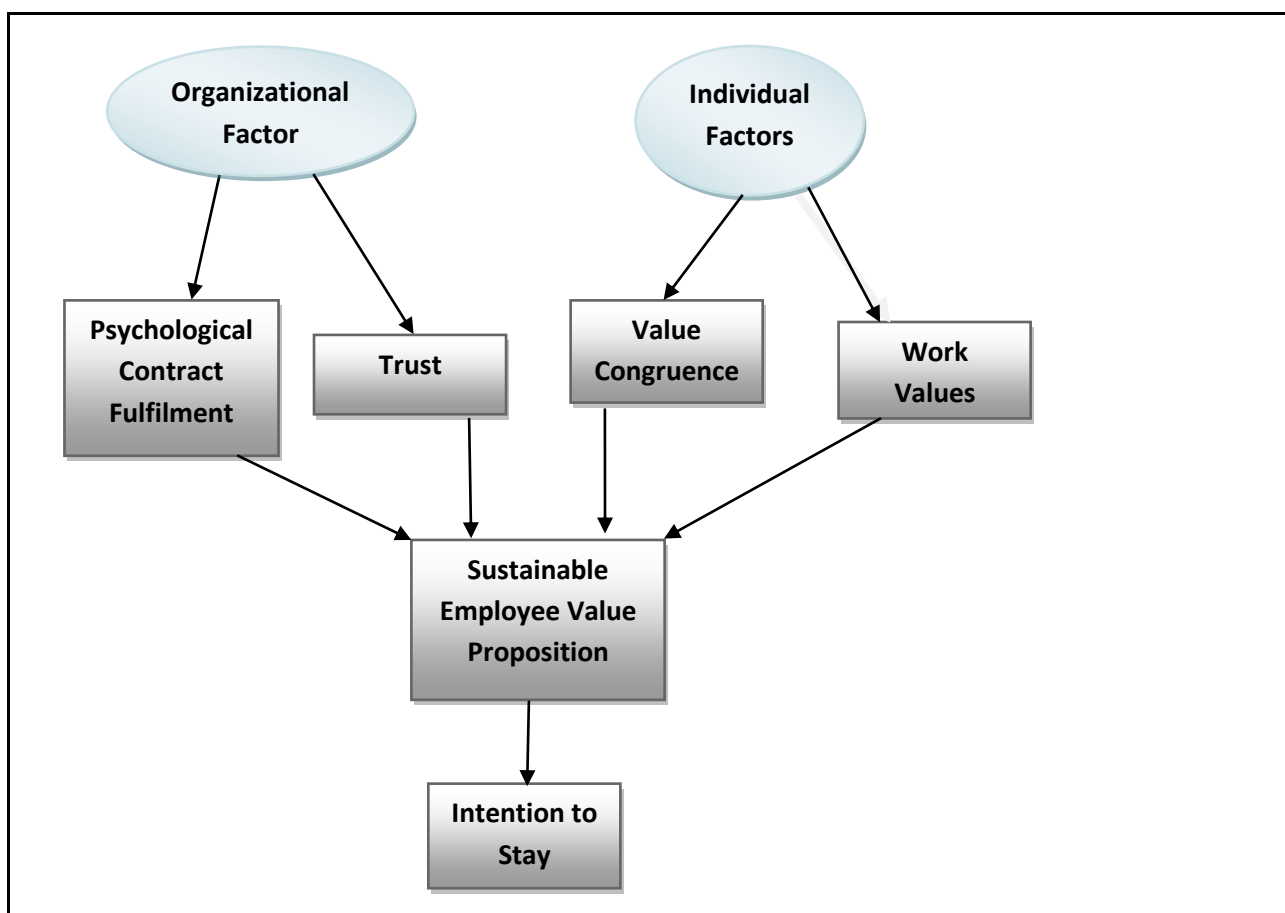


Fig. 1 Theoretical Framework showing the various factors

Source: Author

VI. Conclusion

Sustainability in EVP can be brought about by both organizational as well as individual factors. Psychological contract fulfilment makes an employee feel that the promises that the employer has made has been fulfilled which nurtures trust between employer and employee thereby ensuring long-term relationship between both the parties. Work values and value congruence aligns an individual with the values of the organization thereby fostering a stronger intention to stay among the employees.

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