



As the region continues to grow with local organizations expanding beyond borders and multinationals beginning to enter and expand their businesses, the battle for talent is intensifying. Some industries are already facing high attrition rates, while others are struggling to increase the proportion of discretionary effort from their workforce. Innovation and global mega-trends like demographic shifts, rapid technological advancement, power of social media and environmental changes all point towards the need for ‘agility’ in business models to accommodate the dynamism in the business ecosystem. This agility can only be achieved if we have highly motivated and committed ‘agile’ workforce which is willing to do more than just survival at work place – the discretionary effort.

Some of the most successful organizations globally have a very high quotient of discretionary effort that they achieve from their workforce. Discretionary effort is a function of willful display of the right behaviors that are aligned to achieving the overall business objectives and strategy. An effective performance management framework drives and rewards the right behaviors – superior financial results are then just a mathematical outcome. In short these successful organizations have a very powerful Employee Value Proposition (EVP).

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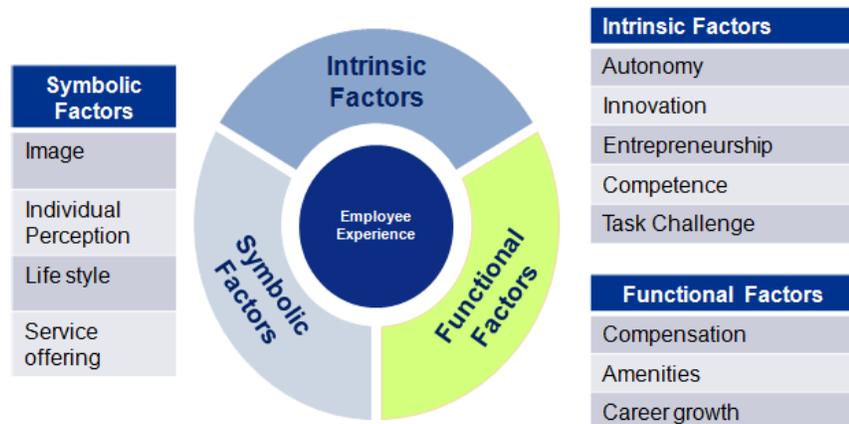
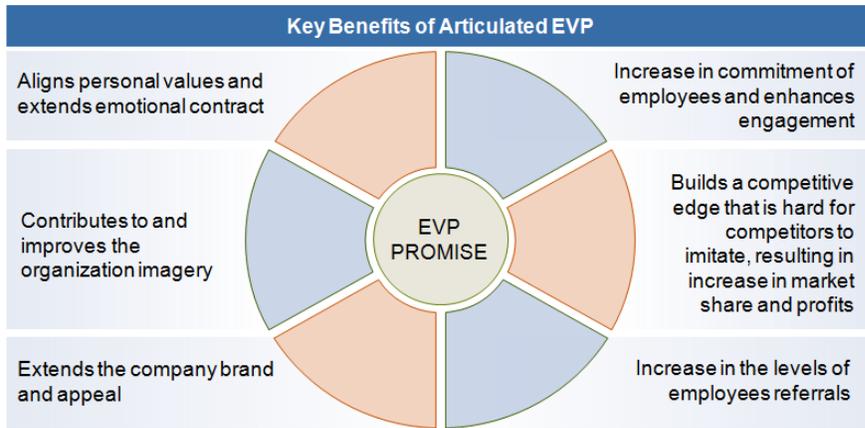


Fig 1: KPMG 3 factor EVP model

An Employee Value Proposition (EVP) is a holistic framework that addresses all the aspirations of a ‘high performing’ workforce. These aspirations of a ‘high-performing’ workforce can be clustered in 3 pillars which in turn address 12 sub-factors which are the decision drivers for employment choice and at the same time help organizations achieve larger business objectives. EVP must be unique, relevant and compelling if it is to act as a key driver of talent attraction, performance and retention.

Organizations can no more afford to think only of existence, they need excellence for survival. When we look at what makes organizations great, is it the fixed assets, the plant and machinery, the technology? No, while all of these are important and contribute in their own way to an organizations success, there is more to it that makes good organizations great, it is the people! A people-centric EVP is therefore an



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- ✓ Increase the commitment of new hires by up to 29%
- ✓ Reduce new hire compensation premiums up to 50%
- ✓ Increase the likelihood of employees acting as advocates from an average of 24% to 47%
- ✓ Synergies within various functions and increase in customer acquisition along with many others are the obvious positive outcomes.

Fig 2: Key benefits of a well articulated EVP

indispensable enabler to achieve the much needed competitive edge.

Attracting the top talent is probably the least issue, retaining them certainly is complex, and what is the most critical is providing the right eco-systems for this high performing top talent to perform to their ultimate potential and enhance it further from their last job.

From a strategic HR management perspective,

it is widely argued that a well framed EVP can lead to better organizational performance and an enhanced bottom line. For its 2012-2013 Global Talent Management and Rewards Study, Towers Watson surveyed 1,605 employers. The study found that organizations that had done the most work developing and executing their employee value proposition achieved superior financial performance over businesses with less-developed ones. According to Corporate Leadership Council's Research, a well thought through and executed EVP can increase the commitment of new hires by up to 29%, reduce new hire compensation premiums up to 50%, and increase the likelihood of employees acting as advocates from an average of 24% to 47%.

The employee value proposition needs to be communicated to all employees, current and prospective, and other organizational stakeholders. It may be reflected on the company's website, job advertisements and letters extending employment opportunities. The extent to which employees connect with your organization's EVP determines the amount of discretionary effort they commit to bringing the company culture, mission, vision and values to life.

One key differentiation between the traditional performance management systems and a holistic EVP is that the traditional PMS seen in the region are forcefully driving the business objectives with a focus on drivers that will ensure a willful execution of the right behavior, whereas a well thought out EVP ensures that the majority workforce displays the right behaviors reducing the achievement of financial results to a natural mathematical outcome.

At the same time the importance of supporting the EVP with the right structure and leadership is absolutely critical. An EVP framework just like any other organizational strategy is of no good if it is not

being driven by the right leaders and support by the right processes & structures. In a world of high dynamism and ambiguity the need for mature processes is further enhanced to accommodate agility and avoid chaos.

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KPMG People & Change consulting practice is part of our overall management consulting practice and is based on a sound foundation that HR transformation in any organization cannot be achieved in isolation, It must be done in collaboration with strategy, operational understanding of specific business, IT & technology innovation, optimization of financial function supported by strategic sourcing, seamless supply chain management, deep understanding of customer lifecycle management and project management.

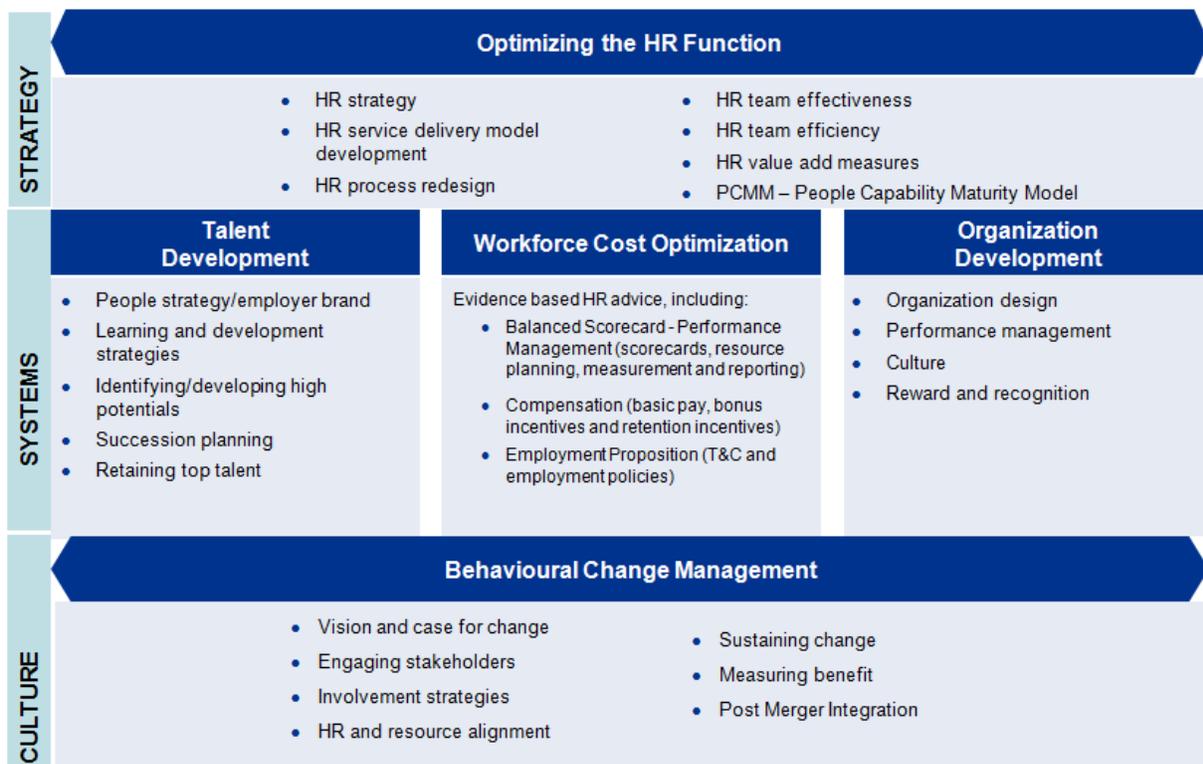


Fig 3: KPMG People & Change Management Service Offerings span Strategic Organizational Initiatives, HR System Design and Behavioural Change Management Interventions

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