

→ Exploring the role of Employee Value Propositions with Millennials and Gen Z



The Great Misunderstanding

SAFFRON

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About this report

The idea of an Employee Value Proposition (EVP) is not a new one. An EVP offers brands the opportunity to create a single-minded and defining promise to their employees. It's the north star to all the decisions that a company makes moving forwards when it comes to their staff: culture, benefits, compensation, and hiring. EVPs have been around for over two decades, defined and redefined by different markets, countries, and consultancies. But at no point in time has an EVP been more relevant, or necessary, to a company than today.

The COVID pandemic has brought seismic changes to both economies and labour markets around the world: rising inflation and cost of living¹, the Great Resignation² and the Anti-Work movement³.

All signs point to this period of upheaval continuing for years to come, if not increasing in turbulence. The role of an EVP has never been more crucial for a business hoping to navigate this future with integrity, as they work to not only attract new talent, but retain it.

This report looks at how Gen Z and Millennial employees feel about EVPs: What is most important to them? How much does it affect their decision to join, remain at, or leave a company? Where are companies missing the mark?

With this report, we aim to provide employers with the insights and recommendations they need to develop an EVP that reflects not only the needs of their brand and business, but most crucially those of their rising workforce.

¹ Rushe, D. et al. (2022) "The rise in global inflation – the hit to living standards across the world." The Guardian, 10 February. Available at: <https://www.theguardian.com/business/2022/feb/10/the-rise-in-global-inflation-the-hit-to-living-standards-across-the-world>

² Tong, G. C. (2022) "The Great Resignation looks set to continue — 1 in 5 say they'll change jobs in the next year, CNBC." Available at: <https://www.cnbc.com/2022/05/24/great-resignation-to-continue-one-in-five-likely-to-switch-jobs-pwc.html>

³ O'Connor, B. (2022) "The rise of the anti-work movement," 24 May. Available at: <https://www.bbc.com/worklife/article/20220126-the-rise-of-the-anti-work-movement>

Our approach

Quantitative research

Saffron's EVP report is the result of a survey of over 900 participants across China, Germany, and the US. We targeted 300 respondents identifying as employees aged 16 to 40 in each country and ensured that there was an even gender, age, and geographical spread across each. Survey questions were framed from an employee perspective, using "promise" in lieu of the term "EVP."

Millennials & Gen Z

Our study focuses in on two generations particularly relevant to current and future EVPs: Millennials (aged 26-40) and Gen Z (aged 16-25). An influential presence in the global economy, Millennials and Gen Z have been the focal point of the Great Resignation and Anti-Work movement. At an ever-increasing pace, Millennials and Gen Z will define the ideas and behaviours behind a company's identity and shape the larger workforce. The aim of this study was to determine how brands should use EVPs globally and regionally to help attract and retain Millennial and Gen Z staff, creating a better work environment while supporting and championing employee needs.

Concepts

In this report, we analyse EVP through the following factors: culture, work environment, financial benefits, employee benefits, and career development. These terms revolve around some of the most important ideas when it comes to EVP. We defined these factors for survey respondents through the following examples.

Culture

Values, people, management, Diversity & Inclusion (D&I); and Environmental, Social, and Governance (ESG) commitments.

Work Environment

Flexibility, recognition, and communication.

Employee Benefits

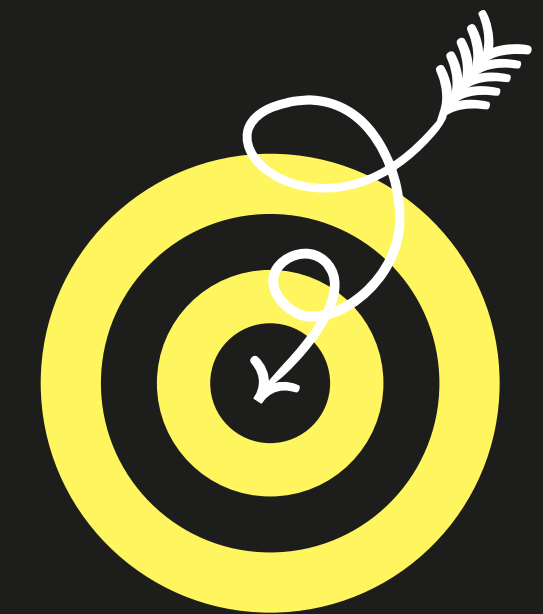
Health insurance, retirement plans, paid leave, gym memberships, and child care.

Career Development

Courses or MBAs, opportunities to work in other locations, and promotion opportunities.

Financial Benefits

Salary, bonuses, and stock options.



Key insights

The Great Surprise: Millennials vs. Gen Z

When analysing the survey responses by age of the respondent, we found no difference of statistical significance between the two generations. As a result, the report reader will find global graphs and insights encapsulating both Gen Z (aged 16-25) and Millennials (aged 26-40).

→ **Money is top of mind. (pg.06)**

Financial compensation continues to be ranked as the most important factor for respondents, but a single-minded focus on compensation alone can be a disservice to employees.

→ **Culture: Lost in translation. (pg.11)**

While the majority of respondents felt their employer was doing a good job of building culture within their company, they also ranked it as the least important factor of an EVP. The promise made by companies is not getting translated into a comprehensive employee experience.

→ **Alumni programmes: A missed opportunity. (pg.16)**

Very few respondents are participating in alumni programmes, which is a missed opportunity for businesses regardless of size, as they can become active pools for recruitment and retention.

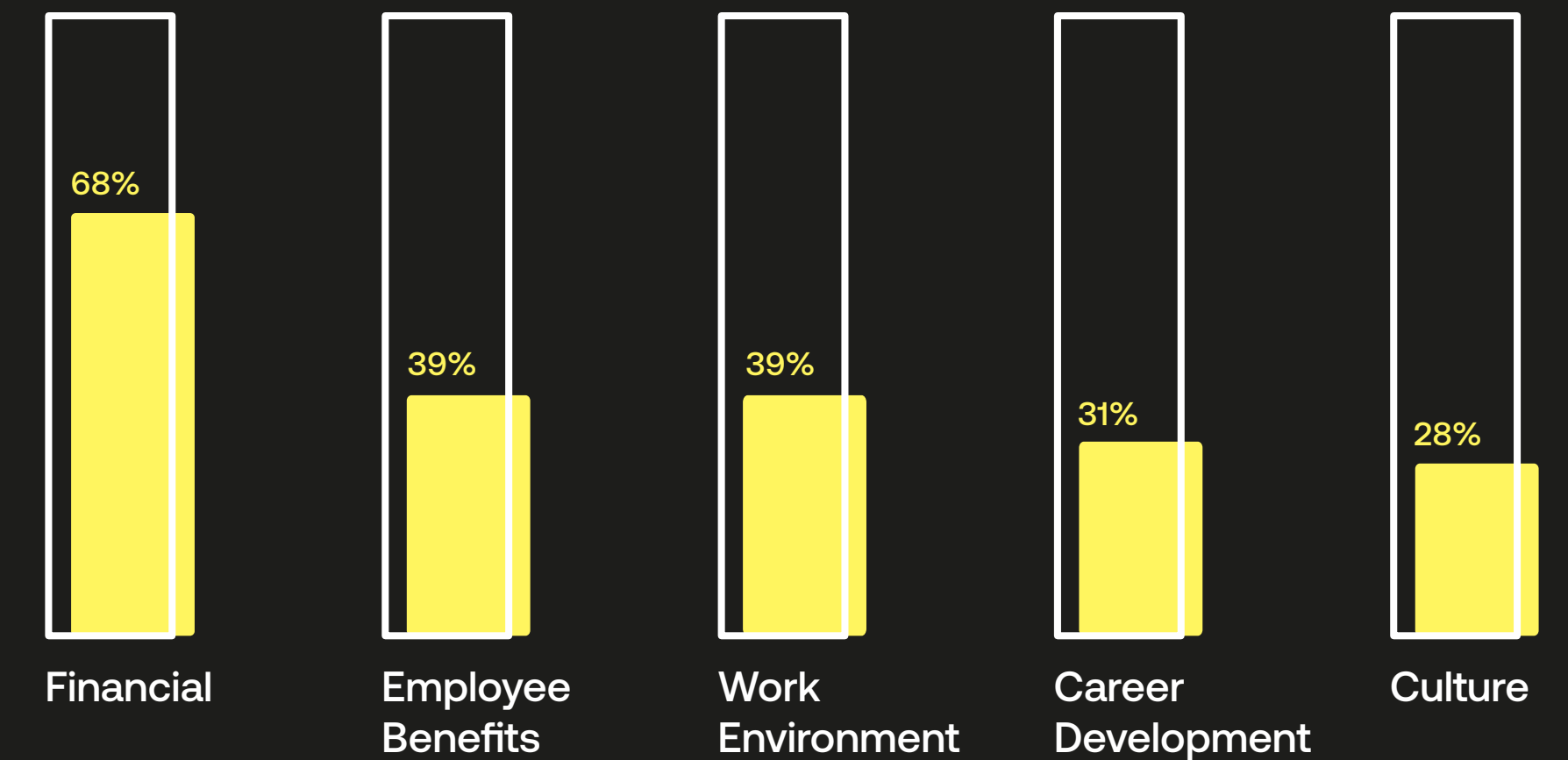
1. Money is top of mind

One of the most consistent responses within this report is the focus on compensation (salary, bonuses, stock options) as the most important factor of an EVP. This stays true across countries, gender and generation, and impacts both why someone chooses to join a company and why they may choose to leave.

In fact, compensation outranks every other factor of importance – culture, work environment, employee benefits, and career development – by a wide margin.

Financial benefits are overwhelmingly the most important employment factor.

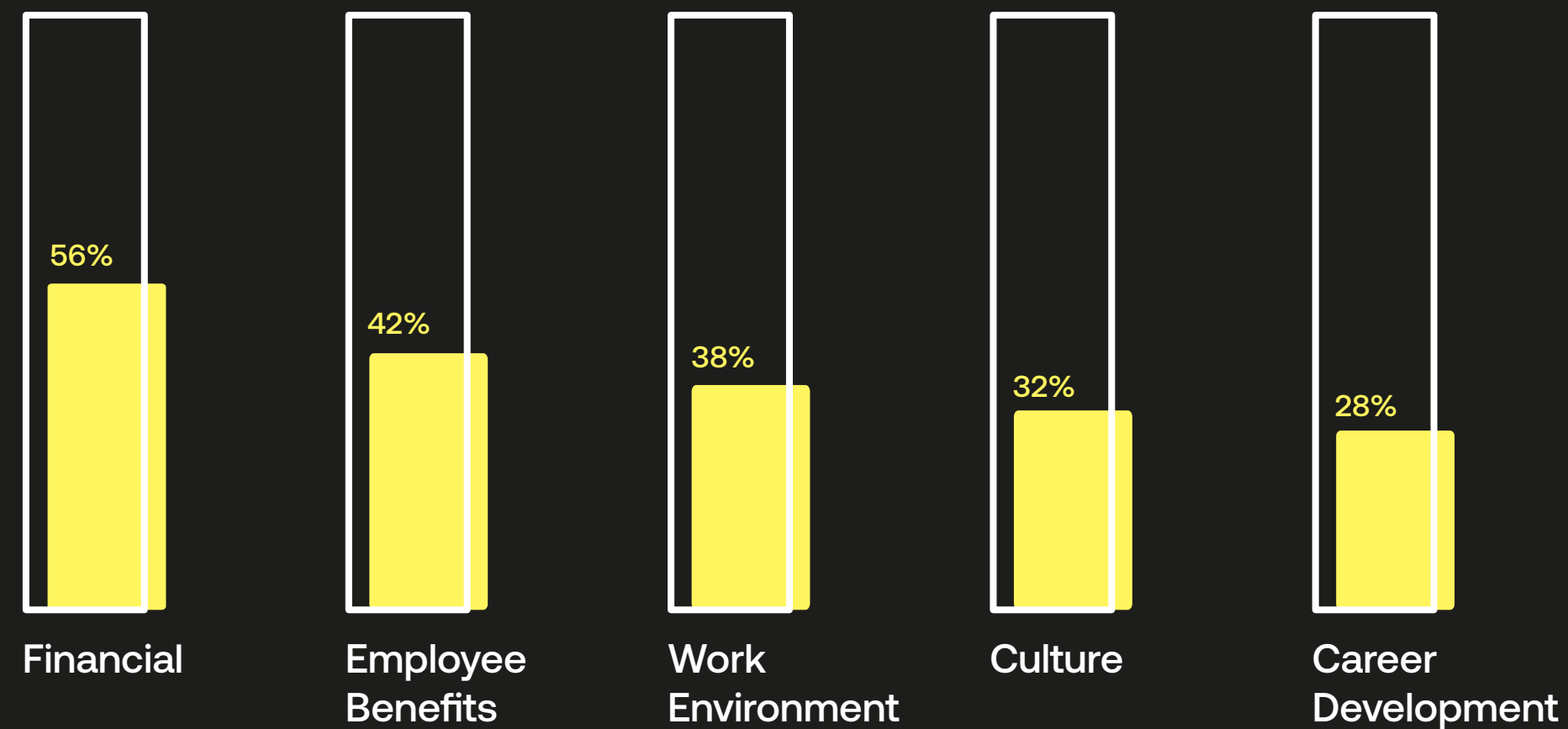
Which of these factors are currently most important to you?



* Based on a survey of 900 respondents aged 16 to 40 in China, Germany, and the US.

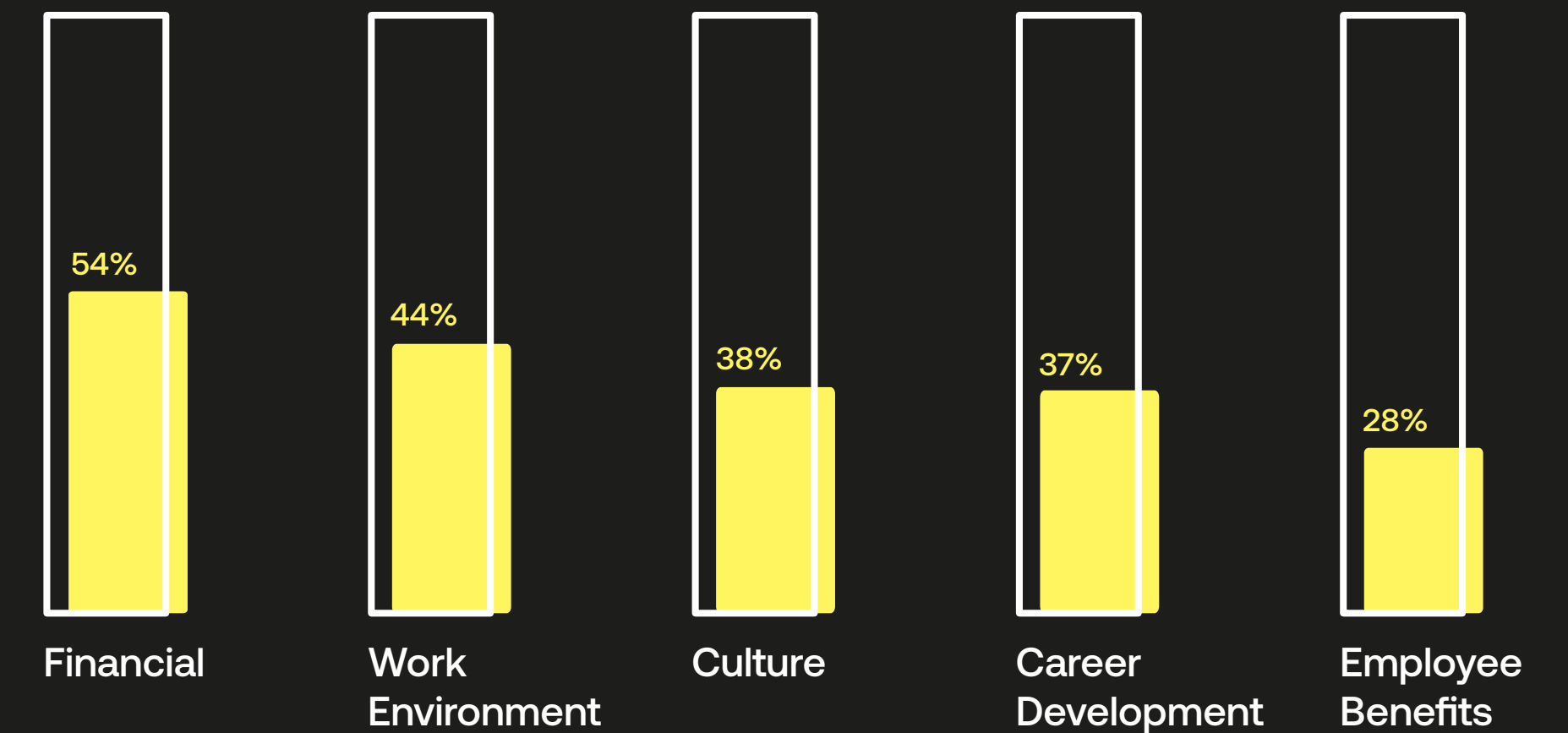
While it's a motivator to join, financial benefits are just as much a motivator to leave.

Rank the importance of each of these factors in the decision to join a company.



* Based on a survey of 900 respondents aged 16 to 40 in China, Germany, and the US.

Which of these factors were most responsible for your decision to depart your previous company?



* Based on a survey of 900 respondents aged 16 to 40 in China, Germany, and the US.

Why this matters

The importance of compensation should come as no surprise, considering its role as one of the core pillars of job satisfaction, and in turn as a leading driver of long term employee retention⁴.

But the crucial takeaway from the results of this survey is the disproportionate importance of compensation compared to any other factor. What Millennial and Gen Z employees are losing sight of is that, while compensation is an important aspect of job satisfaction, it is only one part, even if they believe otherwise.

The balance of culture (including values) with compensation is shown time and again. A recent study from IBM found that 68% of respondents were more likely to apply for a

job with an organisation they considered to be environmentally sustainable. Of that 68%, 48% were willing to accept a lower salary⁵.

This demonstrates that as much as compensation is important, it must be balanced by an equally strong perspective from the brand around its culture and benefits. In order to be most effective, these three pillars of job satisfaction must be brought together cohesively through an EVP.

Using EVP as the steel thread through everything that an organisation promises as an employer, a brand can create distinction and be more relevant to the lives and needs of its employees.

⁴ Iqbal, S. and Akhtar, S. (2017) "Effects of Job Organizational Culture, Benefits, Salary on Job Satisfaction Ultimately Affecting Employee Retention," Review of Public Administration and Management.

⁵ "IBM survey: Employees more likely to accept jobs from sustainable companies" (2022). ESG Investing, 18 April. Available at: <https://esg-investing.com/2022/04/18/ibm-survey-employees-more-likely-to-accept-jobs-from-sustainable-companies/>

Example

Wegmans



Wegmans, a grocery store chain with over 100 locations along the East Coast of the United States, has a strong brand promise: “Every Day You Get our Best.”⁶ This is a double-sided promise: the best to the customer, but only if they also offer the best to their staff.

They bring this promise to life through the experience they offer their employees, using it as the thread that pulls together the three pillars of job satisfaction: compensation, culture, and benefits. They not only offer competitive wages, something that any of their competitors could also offer, but back it up with strong offerings from a cultural and employee benefits perspective. This is translated through their extensive training to help employees succeed in their career, as well as health benefits and tuition assistance.

It is this combination that results in one of the lowest turnover rates for grocery stores in the U.S. While most grocery retailers have an average turnover rate of 66% for part-time employees and 27% for full time, Wegmans boasts an astonishing 17% turnover rate for all employees, including part-time hourly workers. Its full-time employees have a turnover rate as low as 4%.⁷

By creating that strong EVP, and ensuring that it is translated into an even stronger employee experience, Wegmans is able to maintain its low turnover, and is consistently ranked as one of the best places to work in the United States⁸.

⁶ Company overview (2022). Wegmans. Available at: <https://www.wegmans.com/about-us/company-overview/>

⁷ “Wegmans is a great grocery store because it’s a great employer” (2015) Quartz. Available at: <https://qz.com/404063/new-york-city-is-getting-a-great-grocery-store-in-wegmans-and-an-even-better-employer/>

⁸ Fortune 100 Best companies to work for® 2022 Great Place to Work®. Available at: <https://www.greatplacetowork.com/best-workplaces/100-best/2022>

2. Culture: Lost in translation

If culture is one of the crucial elements that impacts job satisfaction, and therefore employee retention⁹, then there is a serious misalignment between its value as seen by employers versus employees.

The majority of survey respondents felt that their organisation was most successfully delivering on its EVP through culture, narrowly surpassing work environment, but far surpassing compensation and career development. When

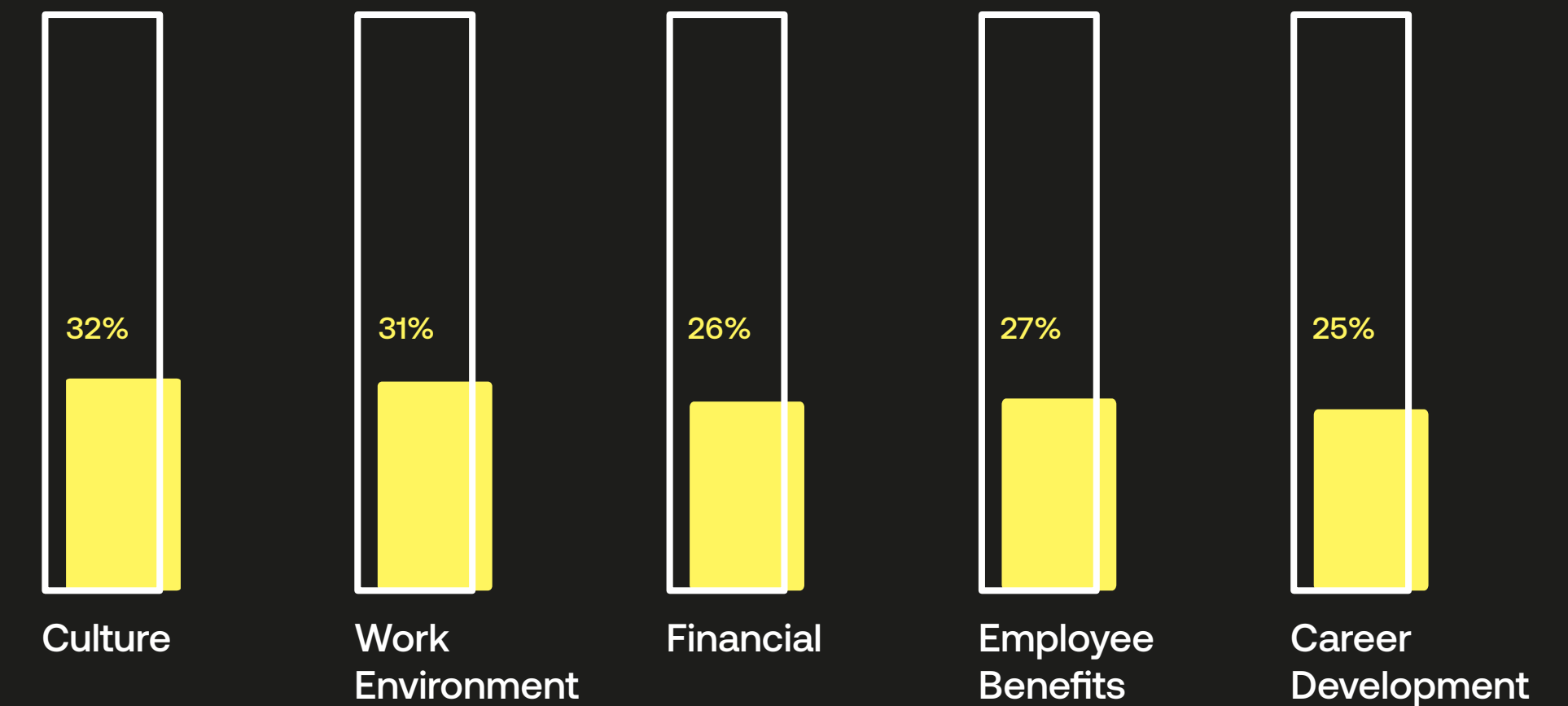
ranked for importance, however, culture consistently ranked last or second to last for respondents. This demonstrates that efforts around culture are likely underappreciated by Millennials and Gen Z employees.

When culture is recognised and respected, however, it has a lasting impact. Respondents who participate in alumni programmes are also those most likely to value company culture overall, both within their current employment and when looking for a new job—the only group to do so.

⁹ Iqbal, S. and Akhtar, S. (2017) “Effects of Job Organizational Culture, Benefits, Salary on Job Satisfaction Ultimately Affecting Employee Retention,” Review of Public Administration and Management.

Around the world, employees feel their companies are delivering well on company culture.

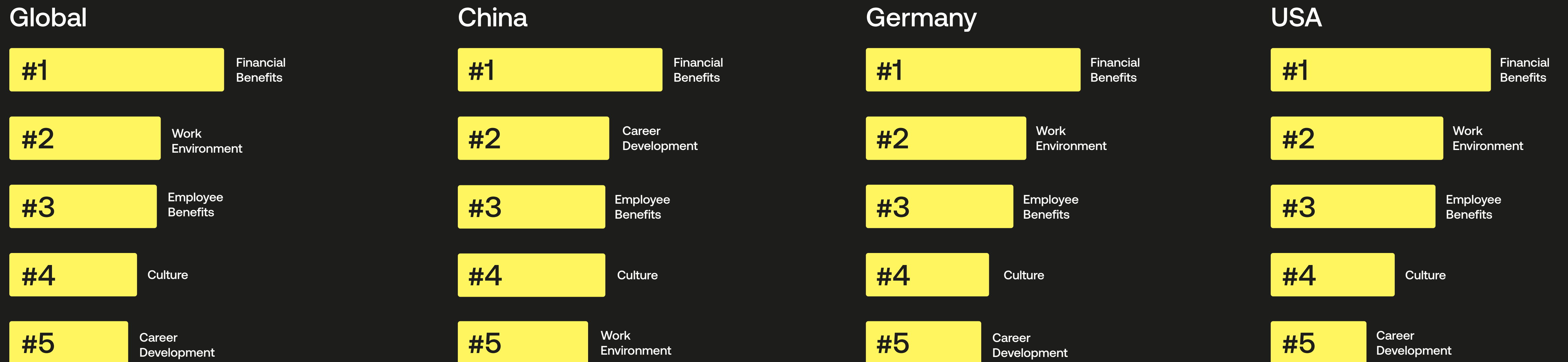
How well is your company delivering on each one of the below factors?



* Based on a survey of 900 respondents aged 16 to 40 in China, Germany, and the US.

However, culture isn't ranked as important to those same employees.

Out of a scale of 1-5, with 5 being the highest, which of these factors are currently most important to you?



* Based on average ranking from a survey of 900 respondents aged 16-40 in China, Germany, and the US.

Why this matters

We know that culture is important to employers and they are activating it as part of their promise to their employees. But we also know that those same employees are undervaluing that culture, ranking it as unimportant. Clearly something is getting lost in translation.

With remote work on the rise, it can be difficult to translate workplace culture to staff that are based out of home offices. But culture is more than happy hour and pizza parties: it's the values that a brand lives, how those values run the organisation, and whom and what they promote to customers and to the larger world. Culture is the ever-living culmination of the shared pattern of behaviours acquired over time that help run the business authentically and successfully.

Culture, when consistently cultivated by an organisation and recognised by employees for its value, can become a driver that powers not only recruitment but retention. When it is effective enough to influence the day-to-day, authentic to the spirit of the business, and distinct enough that an employee may want to participate even after leaving, culture can supersede indifference.

Organisations need to work to ensure that the experience they are offering is consistent and connected to their core promise. This experience must be cohesive and identifiable, something that helps to distinguish the brand and business, and impact the lives of employees both professionally and personally. Otherwise it's just more (forgotten) words.

Example

Airbnb



Airbnb is a brand that understands not only the value of corporate culture, but how to effectively translate it into something that is both useful and worthwhile to staff. In 2018 they reworked their HR, recruitment, and company engagement departments into a single department that was responsible for the employee experience from end-to-end. By pulling everything about the employee experience into a singular team that provides support across a worker's time at Airbnb, they were able to bring a focus on the brand's mission, vision, values, and corporate culture into every step of the employee journey. This creates a consistent experience for staff, and remarkable success for the company, which is consistently ranked as one of the best companies to work for globally¹⁰.

Most recently, Airbnb re-adjusted their EVP to fit the new normality of remote working, by adopting a system where employees get to work from anywhere in the world¹¹. The brand was able to take its values of diversity and human connection, and mission of creating “a world where anyone can belong anywhere,”¹² and translate it into a work dynamic that was both reflexive of the brand essence, and responsive to the times.

¹⁰ Yohn, D. (2018) “What happened when Airbnb blew up its HR department to focus on ‘employee experience,’” LinkedIn, 23 March. Available at: <https://www.linkedin.com/pulse/what-happened-when-airbnb-blew-up-its-hr-department-focus-denise-yohn/>

¹¹ Airbnb. (2022) “Airbnb’s design to live and work anywhere.” Airbnb.com, 28 April. Available at: <https://news.airbnb.com/airbnbs-design-to-live-and-work-anywhere/>

¹² Airbnb. (2019) “Airbnb 2019 business update.” Airbnb.com, 15 January. Available at: <https://news.airbnb.com/airbnb-2019-business-update/#:~:text=Airbnb's%20mission%20is%20to%20create,every%20part%20of%20your%20trip>

3. Alumni programmes: A missed opportunity

The majority of respondents do not participate in any alumni programmes with their companies, and that trend becomes even stronger when regarded along geographic lines.

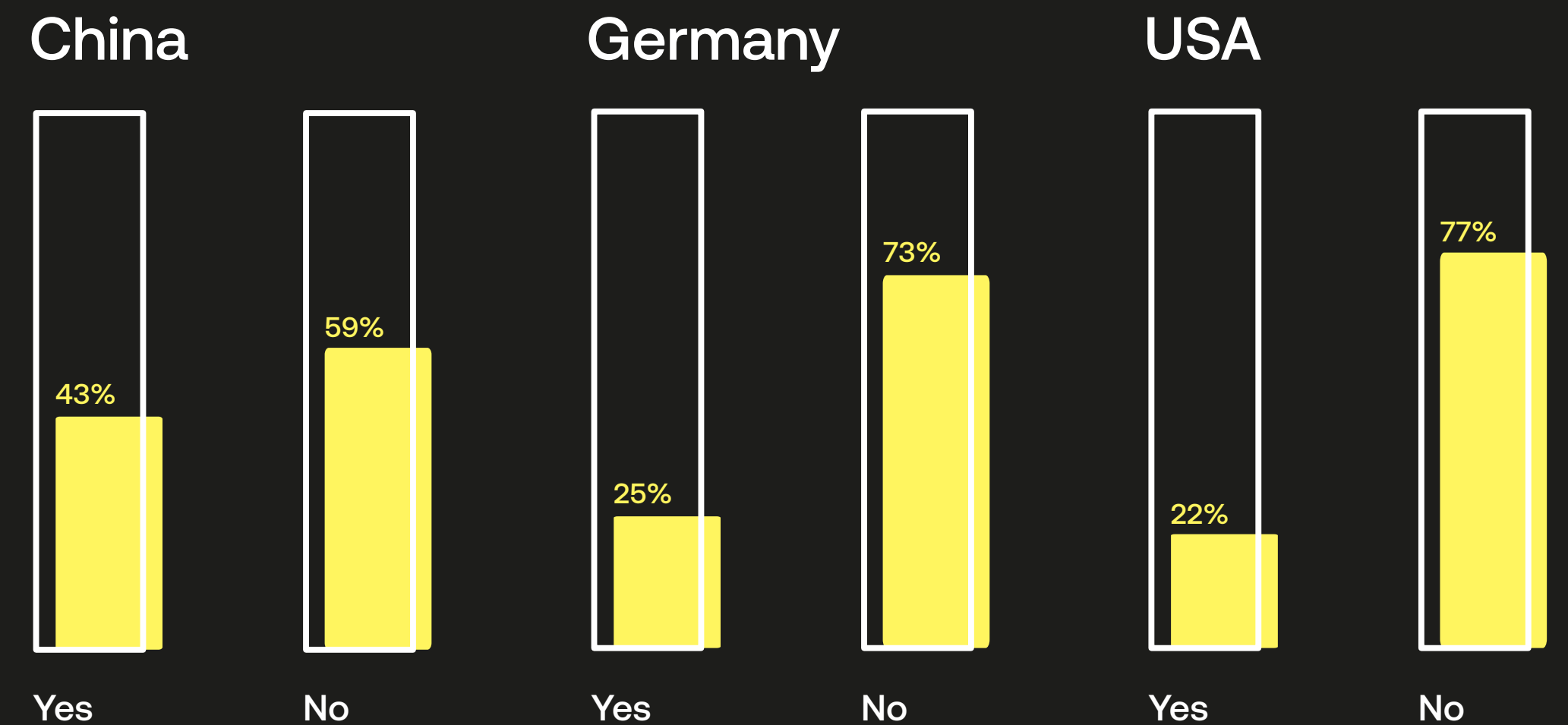
China was the only country that had nearly 50% of respondents participating in company alumni programmes. Chinese respondents were most interested in opportunities

for networking and future careers if they chose to return to the company.

By comparison, US respondents that did participate in an alumni programme were more likely to be looking for programmes that offered opportunities for events or business insights – options that can help them regardless of whether they want to return or not.

Chinese respondents were twice as likely to participate in alumni programmes.

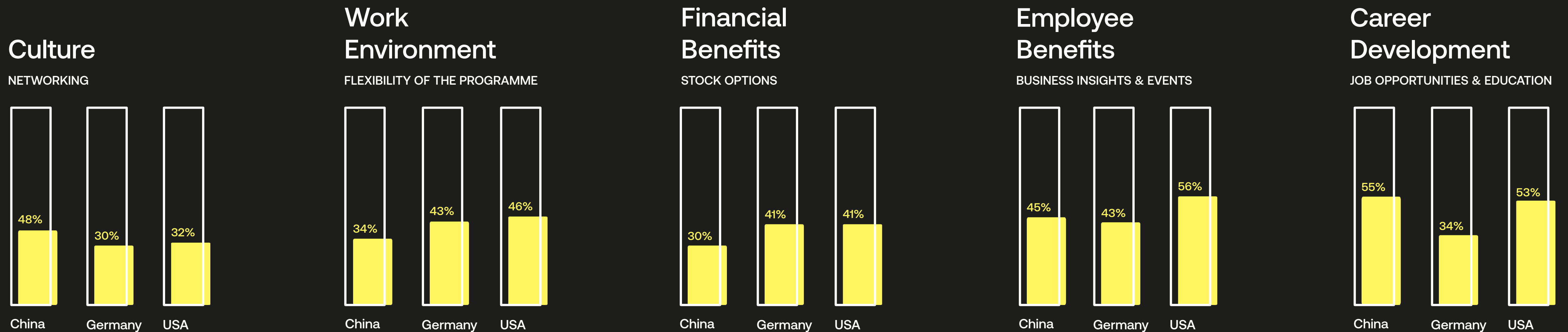
Are you part of a company's alumni program?



* Based on a survey of 900 respondents aged 16 to 40 in China, Germany, and the US.

Chinese participants were more likely to value programmes that kept them closer to their former companies via networking and career development.

Which of these factors are most important to you in an alumni programme?



* Based on a survey of 900 respondents aged 16 to 40 in China, Germany, and the US.

Why this matters

Using alumni programmes can be extremely beneficial from a hiring perspective, lowering the cost of recruitment up to 50%¹³ by having an already invested and engaged hiring pool at your fingertips. Employees who are involved in alumni programmes are more likely to act as referral sources or to return to work for the organisation in some capacity¹⁴.

If fostering long-term relationships with employees — even after leaving the company — is important, businesses need to look at what value the alumni programmes can actually have for those workers.

It's crucial to treat alumni programmes not only as a helpful talent pool for rehiring, but as an arm of potential employees that also needs nurturing. Allowing alumni to access

insights, attend events, and discover thought leadership opportunities, are all ways that an alumni programme can stay engaging and provide value.

When thinking of EVP and how it translates into employee experience, it's crucial that a brand considers every part of the employee life cycle. It's not about a lifetime employment but rather a lifelong relationship.

¹³ (2018) “Benefits of Hiring from Your Corporate Alumni Network.” Insala, 26 February. Available at: <https://www.insala.com/blog/4-benefits-of-hiring-from-your-corporate-alumni-network#:~:text=Recruiting%20costs%20and%20advertising%20costs,choosing%20to%20employee%20a%20boomerang>

¹⁴ Dachner, A.M. and Makarius, E.E. (2021) “Turn Departing Employees into Loyal Alumni.” Harvard Business Review, March-April. Available at: <https://hbr.org/2021/03/turn-departing-employees-into-loyal-alumni>

Example

Deloitte



Colleagues for life Alumni Network

As part of their commitment to maintaining relationships with employees in the long term, Deloitte invested considerably in the development of the Deloitte Alumni network. This network, which offers both physical and digital touchpoints, brings together over 20,000 alumni and 9,000 Deloitte partners and staff into a single resource.

The Network, which offers localised access by country and region, gives current and past staff an opportunity to connect internally and internationally, to hear about potential job opportunities, fill a hiring gap, and explore industry insights.

This network provides Deloitte with a recruitment pool that remains engaged and active, and can easily be tapped should there be a need to fill roles globally. Alumni networks like this one provide a considerable benefit to a company when thinking about retention in the long term, and are a significant example of how an EVP can come to life.

In summary

What this report has shown is that there is a significant discrepancy between the core needs of Gen Z and Millennial employees and how companies are currently expressing their EVP – if they have one. All too frequently, there is a disconnect between how companies define their promise to staff, and how those employees experience that promise day-by-day. Whatever is developed isn't being shared through a cohesive employee experience, and that gap can be devastating in the long-term.

Millennial and Gen Z employees are focussing on compensation as the primary factor of importance in their careers. While this is one of the core pillars of job satisfaction – and a crucial component of any EVP – compensation alone is not enough to retain staff in the long term. It must be balanced by both benefits and culture.

The truth is, corporate culture will develop whether a company has a hand in it or not. It is the result of shared patterns of behaviour that are enforced and reinforced by the organisation as it is run.

When this exists undefined and undeveloped, without a core promise or perspective to unify it, culture becomes ineffective and undervalued by employees. And something that should be one of the core pillars of job satisfaction and retention in the long term, becomes something that is ranked as unimportant by staff.

To make culture effective, companies need to take the time to mould it. Organisations need to guide culture in a way that is positive to their mission and that provides real value to their staff.

It is this intersection where an EVP becomes crucial. It acts as both the guide and the translator, creating meaning and structure to help turn the heart of the brand into an effective tool of attraction, retention, and relationship-building.

Without the three engines of job satisfaction working together in tandem, companies will continue to struggle at the feet of the Great Resignation, and largely miss the greatest opportunities to grow into the future with their employees.



To learn more about this report and exactly what an EVP can do for your organisation, connect with our team.
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Get in touch

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