Employee experience and employee preferences

Managing these two areas could provide a solution for labour shortages
Labour and skills shortages are becoming a critical barrier to growth for companies in Hungary and the region as the competition for skilled employees is intensifying. The EU’s single market, the greater flexibility and mobility of Generation Y and Z workers, unfavourable demographic processes, and an impending disruption of every industry sector due to digitisation are expected to generate ever more violent turbulence on the labour market. In order to ensure seamless business operation and realise their growth potential, Hungarian companies, too, must take more targeted and professional steps to make up for the shortage of qualified candidates and retain existing employees.

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“We have asked nearly 13,000 high-school and college students and recent graduates about their job preferences”

The path to a solution is through the purposeful management of employee experience, based on strategies and decisions grounded in facts and data that reflect actual employee preferences.

Unique in Europe, our proprietary PwC-TrueChoice technology enables us to measure employee preferences in real time, optimise corporate remuneration systems, and improve employee satisfaction and commitment. Using our survey, which is tailored to each surveyed company and optimised for multiple devices (including mobile phones and tablets), and our database, which offers extensive filtering options, we examine a wide range of benefits to help our clients make their benefit offering as attractive as possible for their employees.

To help companies attract young talent, we have asked nearly 13,000 high-school and college students and recent graduates about their job preferences. The database we created from their answers and the sophisticated and complex filtering options of our PwC-TrueChoice application provide detailed insight into the thinking and motivations of key employees and talent, helping companies formulate targeted messages, optimise value propositions, and improve recruitment effectiveness.

We contribute to the success of Hungarian companies by supporting fact-based decision-making through our innovative and user-friendly technology.
Managing the employee experience  
– satisfied employees result in satisfied clients

A company sets the primary parameters of its products and services, and makes its decisions, on the basis of its customers, meaning that for a company, customers come first. Let’s imagine for now, though, that we focus on employees and creating the most attractive experience for them. For it is employees, particularly in the service industry, who are in contact with the customers and through whom customers develop their image of the company. Employees are uniquely positioned to transmit their company’s brand message directly to customers and other stakeholders.

Employees who feel good at a company and represent it to customers enthusiastically, proudly and honestly will make customers satisfied. Attracting talent, retaining proven employees, and creating an environment to which employees can commit in order to increase effectiveness is an increasingly difficult challenge, especially amidst increasing competition for a dwindling supply of quality labour. In the long term, customer experience will never surpass employee experience, meaning that improving the latter is in our clients’ vested interest.

Employee experience is more than employee commitment in that it focuses not only on retaining and motivating employees and key talent but also on how to attract future talent on the labour market. It also takes into account what messages job seekers are receptive to, where they would like to work, and what their preferences are. These questions are particularly exciting and topical with respect to Generations Y and Z, who are also known as “digital natives”.

At the same time, messages communicated on the labour market to attract talent must be line with the actual day-to-day workplace experiences of the company’s current workforce. This means that employee experience must be aligned with employer branding. Furthermore, when a company formulates its employer brand message, it must be aware of the target group’s employee preferences, its own organisational culture, and the commitment of its employees, and on the basis of these, must consciously manage employee experience. An organisation must be able to both attract and retain talented employees, and make them committed and motivated.

“employee experience must be aligned with employer branding”

“We use Employee Value Proposition or EVP to describe what a company offers to its employees”
A company’s employer brand represents its reputation from the employees’ point of view, reflecting the company’s value proposition, as opposed to a more general approach where a company’s brand is primarily associated with its reputation and value-creation for customers. In fact, the employer brand is an image of the organisation as perceived by its current employees and external stakeholders (active and passive candidates, customers and other key stakeholders). Just as a customer brand proposition is used to describe a product or a service, the Employee Value Proposition or EVP is used to describe what a company offers to its employees.

Similarly to marketing concepts and tools used for branding or product and brand management, HR and talent management specialists increasingly use the same methods to attract and retain talented candidates that are used in marketing to attract and retain customers.

More and more companies in Hungary recognise that they need to stand out and be seen as different on the labour market to attract talent and specialists as well as to retain and develop their current workforce. Having this capability is becoming increasingly critical in the light of labour market trends of recent years.

It is no longer sufficient to make innovative products, use the latest technology and have a good cafeteria plan. Business strategy has to be aligned with the employee value proposition in order to create an employee experience that attracts and motivates employees, allowing them to reach their potential and act as representatives of the company’s mission and brand.

When employees can get a new job two doors down the street, with similar conditions and 20% higher pay, something new is needed – a robust employee experience that connects employees to the organisation and promotes long-term loyalty and commitment to the company.

Primarily, HR needs to act as a catalyst in creating an employee experience that builds on the latest digital technologies and is unique, attractive, personalised, and memorable. Undoubtedly, management also has a key role in creating the employee experience.

PwC Hungary’s “People and Organisation” team has a wealth of experience in developing employee experience, from diagnosis through design to deployment (3D approach). We work with our clients to help them recognise the multidimensional nature of human experience within their organisation and how individual elements affect one another and the company’s business performance.

We think that organisations should proactively manage their employee experience. Our holistic approach covers organisational culture, change management and communication, talent management, recruitment and selection, remuneration, work environment design, and the tools and technologies that help connect employees and business strategy.
In PwC Hungary’s latest CEO Survey, conducted in 2016, 92% of Hungarian CEOs identified skills shortages as the greatest barrier to growth. Most of them plan to increase headcount over the coming year, indicating that attracting talent is gaining in priority. On EU’s single market free movement of and competition for labour occurs across borders, which poses a considerable challenge for companies, particularly in our region. With labour market turbulence predicted to intensify, economic operators need to start preparing now for the all-disrupting impact of the digital revolution and Industry 4.0. In almost every industry sector, employers are facing new types of challenges and increased competition for new labour of a sufficient quantity and quality. This requires the deployment of professional, fact-based strategic decision-making and recruitment strategies that reflect the true preferences of employees.

To help with these challenges, we have conducted a survey in Hungary among nearly 13,000 young people aged between 16-26 (high school and college students, and career starters) about their job preferences, using our proprietary PwC–TrueChoice technology, which is unique in Europe. Our database of replies from nearly 13,000 respondents, which is continuously growing and offers numerous filtering options, allows us to give a comprehensive overview to Hungarian companies of the factors that influence labour market processes and the decisions of prospective employees, both now and in the future.

In the course of our survey we analysed 36 factors, grouped into eight categories; this provides the underlying structure of our database. These categories are: remuneration and non-cash benefits; work-life balance; professional development; the nature of work; the work environment; corporate governance; corporate culture; and reputation.

The relative importance of the 36 factors analysed provides important insight, both for the total sample and subsets created through various filtering options, in particular concerning the major considerations candidates eventually base their selection of a future employer from among companies on their shortlist. For example, our survey indicates that among young people soon to enter the labour market the most attractive factor is flexible work, closely followed by co-workers and base salary. Decision-makers can also use our survey to review certain established beliefs, saving their company from spending considerable amounts for no real benefit gained.

A purposeful application of filtering options helps users formulate targeted messages, as applying filters relating to generation, geographic area, industry sector interest, studies, or work experience may significantly alter or even completely redraw the preference map. For example, it can be accurately and rapidly determined how to successfully target and engage young people who will enter the labour market in the coming years and live in a specific region and are interested in a particular industry sector. Extensive filtering options
allow for a nearly unlimited number of combinations to be examined concurrently. Through thoughtful application of filters, company analysis can also be fine-tuned to incorporate aspects such as whether candidates in the targeted labour market segment plan to seek employment abroad in the near future, while also highlighting the different preferences that underlie different answers given to that question.

Within each factor category, it is also possible to examine the relative importance of individual factors, such as, for example, preferences concerning the content of work, that is the importance that targeted candidates attach to the diversity and level of innovation of and the various technologies used in their work. Following this example, our survey indicates that in general the content / diversity of work and the tools used in work have the highest importance, while if filtering for young people showing interest in IT, R&D or high-tech industry sectors, innovation is ranked first. A company can project the image of an attractive place to work and successfully attract desired talent if it formulates its messages in the light of the above results.

Our survey also allows insight into areas such as which corporate governance / management attitudes and practices prospective employees find attractive. An examination of vision and strategy, accessibility and openness of management, and honest, direct communication has shed light on the fact that young potential workers value the latter the most, which again has an important message not only for a company’s HR function but its senior management as well.

Our database helps users review numerous beliefs concerning the labour market and the factors influencing the decisions of employees, and gain a more detailed and in-depth understanding of their real preferences. Companies can create a new, optimised value proposition for their desired future employees, and make their employer brand message more specific, which, through improved recruitment efficiency and effectiveness, could prove to be a distinctive advantage over competitors on the market and elsewhere. Through use of our database and proprietary technology,
Employee experience and employee preferences

Our database enables companies to:

1. Gain a better understanding of the preferences of their current and potential future Generation Y or Z employees, and identify the reasons they prefer one or another company. This will facilitate going to market with a more competitive and attractive offering.

2. Identify unique characteristics specific to age groups: making it possible to formulate and send targeted messages tailored to specific segments and, in particular, key employees and talent.

3. Filter for detailed information at area/county/regional level in addition to the national level.

4. In connection with the above, create an attractive national- and company-level value proposition to address and engage young people and other, economically active age groups more successfully and cost-effectively.

Thanks to the above functions and an innovative and easy-to-use interface, our database can contribute to your business success by facilitating fact-based decision-making and simultaneous application of numerous factors.

"companies can define their strategies and decisions concerning the Hungarian labour market on the basis of factual, real-time information and data, providing their management with a tool that serves the company’s growth objectives."
2. The ability to retain talent and employees – an EVP solution from PwC and TrueChoice

“PwC-TrueChoice’s unique solution for measuring reward effectiveness helps HR and business leaders to accurately identify the types of rewards that represent real value for, and help retain, their employees.”

In addition to finding labour in the right quantity and with the right skills, the challenges presented by the Hungarian labour market can be managed most effectively in-house, by retaining employees. Companies not only need to be able to find and attract career starters; retaining skilled specialists is an even greater challenge due to the intense competition for top talent.

What employees regard as a real retaining factor changes from company to company and from person to person. PwC-TrueChoice’s unique solution for measuring reward effectiveness helps HR and business leaders to accurately identify the types of rewards – including, for example, motivation generated by the actions of management – that represent real value for, and help retain, their employees.

Our solution can accurately measure employee preferences concerning various benefits through an online application tailored to your company. After performing the measurements we compile an extensive analytical database, facilitating the creation of the most attractive reward and benefit plan for your employees, where, if required, the preferences and needs of key personnel can be given more focus.
**a. Preparing data collection and interviewing employees**

Since we examine employee attitudes to the benefit elements offered by a given company, in preparation for the survey we analyse our client’s benefit plan and select the elements regarding which we examine employee preferences and attitudes. In addition, we make recommendations for examining elements that are not yet offered by the company but their potential reception among employees could be relevant in respect of their introduction. Benefit elements examined include cash and non-cash benefits, such as for example training or career opportunities. After defining the contents of the survey, we prepare an online survey application that has our client’s design and works effectively on any digital device (PC, laptop, tablet, smart phone).

**b. The survey - data collection**

During the survey employees receive a questionnaire to be completed through a personalised, unique link. The links are associated with the demographic data of the employees, which provides a very rich dataset in which to perform searches by applying various filters. Anonymity of the survey and the results is, of course, ensured through high-level security solutions. Employees can complete the survey on their digital devices in 15-20 minutes. The survey interface is clean and easy-to-use; we examine absolute and relative preferences relating to the elements examined, meaning that employees can rate each benefit element on its own as well as relative to others. A further advantage of our solution is that during the survey we essentially re-communicate the most important elements of the company’s current benefit plan, often giving employees a positive surprise. Our survey application uses nearly 500 algorithms to create the analytical database.

**c. Analytical database**

After the survey is completed, we prepare a detailed database for our client, including, among other things, the following information:

- preference ranking of the elements examined – which elements employees prefer/value and to what extent;
- perceived value of benefit elements – the value of benefit elements as perceived by employees, relative to their cost (a value expressed in monetary terms);
- detailed filtering options, set according to filtering criteria defined by the client – including demographic, organisational unit, length of service, specific key groups (for example key personnel), etc.

We provide unrestricted, fixed-term access to the database for our client’s designated specialists, and offer detailed training on its use.

**d. Real value provided by our consultants**

Using the information contained in the database, our specialists help our clients make their benefit offering as attractive as possible for their employees. We support their work through providing detailed analyses, presenting individual scenarios, and preparing decision support materials for senior management right up to deployment of the company’s new, more effective benefit plan.
Developing the employee experience is similar to recruiting/attracting and retaining employees. In the case of the former, we seek answers to the following questions:

1. Why do we want to make our employer brand more attractive? What are the goals that we want to achieve through this? What would make us satisfied? What is our Employee Value Proposition for potential candidates? What is a new joiner’s ideal experience in his/her first three months at our company?

2. To what extent is our employer brand message aligned with our organisational culture? Is our recruitment/selection strategy and practice aligned with our EVP? To what extent does our reward and benefit strategy support the recruitment of talent? What induction programme and processes do we offer for newly joined employees?

3. Who are the key stakeholders of change? What are the resource requirements of change (human and financial resources, time)? How to communicate change within and outside the organisation? Do we need a project to manage change? Who is responsible for change within the organization? How should we monitor implementation?
Our consulting approach is based on inclusion. We seek answers to the above questions in close cooperation with our clients. To that end, we arrange and apply data and document analysis, management interviews, focus group interviews, and workshops for management and specialists.

The consulting process following the surveys, data analysis, and report preparation takes two to three months, depending on the size and availability of the organisation. Our specialists will be glad to give you a detailed overview of the possibilities and provide any additional information that you may require.
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