



How to attract and retain top talent: Look beyond salary

Introducing the LHR EVP Quadrant



Two by Two

Recruitment Resources by LHR

October 2024

Executive Summary

Myth: Top talent can't be hired and retained without money.

Fact: Money, while necessary, alone cannot attract and retain talent. Intangible benefits are just as important.

The Employee Value Proposition (EVP) is a set of attributes that you offer to current and prospective employees, comprising a combination of compensation, benefits, growth opportunities, work culture, work-life balance, the organization's value system, and a clear career path.

Today, the EVP is not limited to salary and perks. It offers an opportunity for small businesses to compete with big firms.

The LHR Group has created an **EVP Matrix & ScoreCard** for you to hire and retain the best talent by balancing your offerings. The matrix is from 2 perspectives - organization (to place your company) and candidates/employees (for talent attraction and retention). An objective scorecard has been provided that can be used to judge your organization's current EVP and make subsequent decisions accordingly.

An effective EVP distinguishes a company from its competitors by offering more than just salary and benefits. Google and Hindustan Unilever are prime examples of this approach.

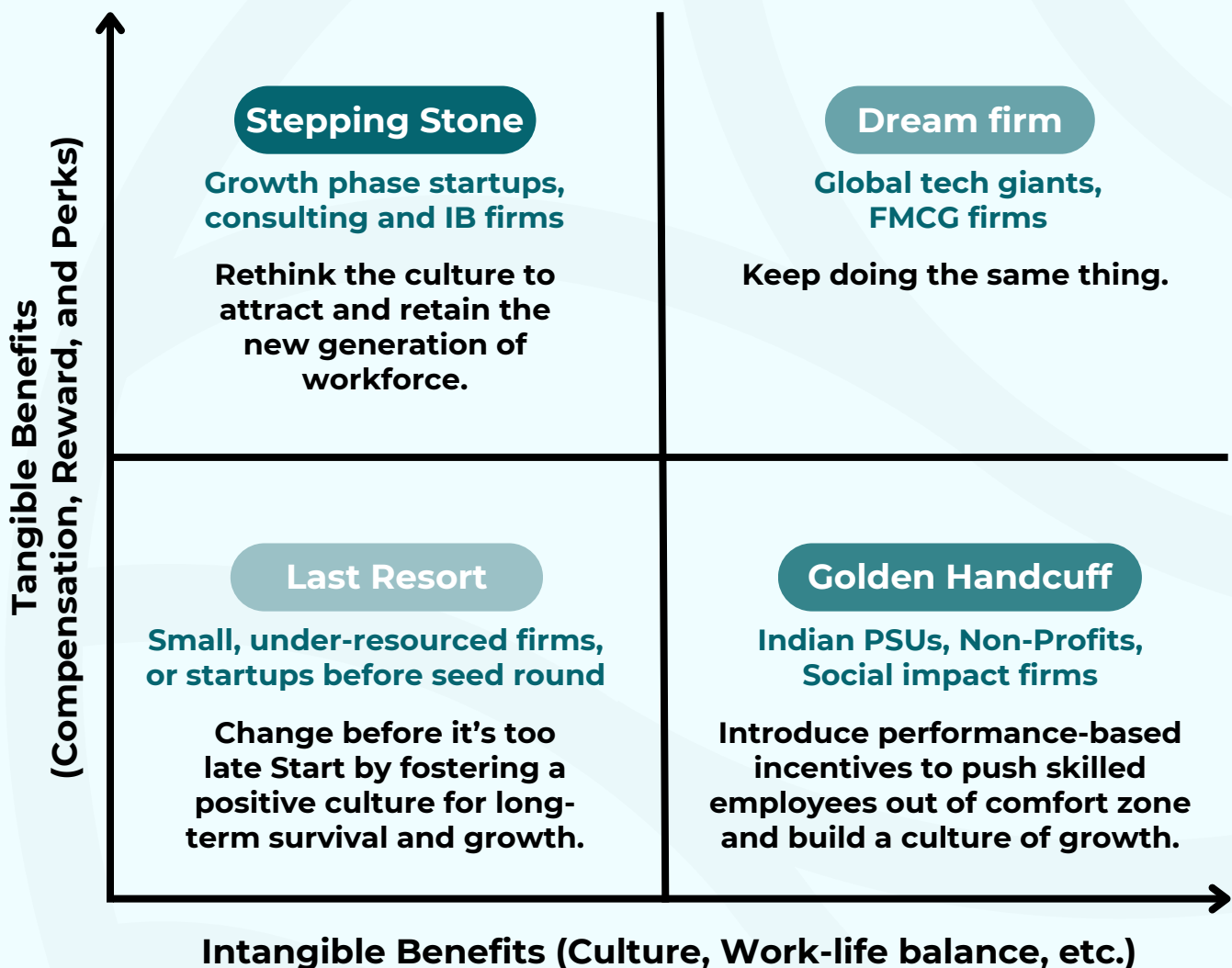
Meanwhile, Ola, despite being an excellent paymaster, has been making headlines for high attrition and a work culture labeled as "toxic" and "hostile," forcing many top executives to quit in the past two years. Paying a competitive salary did not turn out to be enough.

If you can't offer the biggest paychecks to attract talent, focus on what you can offer:

- A positive, inclusive work culture
- Opportunities for career growth
- Autonomy in decision-making
- Work-life balance
- A sense of purpose
- Mentorship and support

Use the LHR EVP Quadrant for Organizations to know your current positioning

The LHR Group has created an Employee Value Proposition (EVP) matrix for organizations. Position your firm in the correct current quadrant and aim and work to become a dream firm.



To know which quadrant you lie in, use The LHR EVP scoreboard.

The LHR EVP Scoreboard for Determining which Quadrant you lie in (1/2)

The test will have two dimensions: Tangible and Intangible Benefits. Each dimension will consist of specific subcategories. Score your firm on each subcategory using a scale of 1 to 5, where:

- 1 = Poor or almost non-existent
- 2 = Below industry standard
- 3 = At industry standard
- 4 = Above industry standard
- 5 = Excellent

Tangible Benefit	Score 1 (Poor)	Score 2 (Below Industry Standard)	Score 3 (At Industry Standard)	Score 4 (Above Industry Standard)	Score 5 (Excellent)
Salary & Compensation	In the bottom quartile, no adjustments for inflation or market shifts	In the 2nd quartile - 25% to 50% with corrections long drawn out and insufficient	At 3rd quartile, with salaries ranging from median to 75% of the market	Top quartile of the market, with regular benchmarking and corrections	<ul style="list-style-type: none"> ■ Exceptional paymasters, with proactive corrections ahead of the market ■ Wealth creation opportunity through ESOPs
Bonuses & Incentives	<ul style="list-style-type: none"> ■ No formal bonus structure ■ No incentives for performance 	<ul style="list-style-type: none"> ■ Infrequent or small bonuses upon festivals/occasions ■ No clear performance link ■ Limited incentives 	Limited bonuses linked to individual performance, typically once a year	High range of bonuses, tied to performance	<ul style="list-style-type: none"> ■ High bonuses tied to personal and company performance ■ Extensive incentive programs, including equity and stock options
Retirement & Savings Plans	No retirement plan or limited to minimum legal requirements	Basic retirement plan with minimal company contributions (statutory requirements only)	Standard retirement plan with moderate employer contribution, meets industry norms	Generous retirement plan with significant employer matching and added savings benefits	Exceptional retirement plans with high employer contribution and additional financial perks (e.g., wealth planning services, pension plans)

Intangible Benefit	Score 1 (Poor)	Score 2 (Below Industry Standard)	Score 3 (At Industry Standard)	Score 4 (Above Industry Standard)	Score 5 (Excellent)
Culture	<ul style="list-style-type: none"> ■ Toxic or disengaged culture ■ No focus on employee well-being 	<ul style="list-style-type: none"> ■ Culture lacks cohesion or support ■ Minimal focus on employee engagement 	<ul style="list-style-type: none"> ■ Standard workplace culture ■ Some focus on engagement and team-building 	<ul style="list-style-type: none"> ■ Strong team cohesion ■ Regular engagement and well-being initiatives 	<ul style="list-style-type: none"> ■ Exceptional, inclusive, and empowering culture ■ Strong sense of purpose among employees
Flexibility	<ul style="list-style-type: none"> ■ No flexibility in work hours or location ■ Strict and rigid work policies 	<ul style="list-style-type: none"> ■ Occasional remote work or time off, but exceptions rather than the norm 	<ul style="list-style-type: none"> ■ Occasional remote work, flexible hours 	<ul style="list-style-type: none"> ■ Regular remote work options and flexible work hours 	<ul style="list-style-type: none"> ■ Full remote work option, flexible work hours ■ Unlimited PTO, focus on work-life balance
Growth Opportunities	<ul style="list-style-type: none"> ■ No career progression pathway ■ Employees stay at the same level for years 	<ul style="list-style-type: none"> ■ Limited growth opportunities ■ Occasional promotions or role changes 	<ul style="list-style-type: none"> ■ Standard career growth ■ Promotions tied to performance, clear but gradual pathways 	<ul style="list-style-type: none"> ■ Well-laid-out career pathways ■ Regular internal mobility 	<ul style="list-style-type: none"> ■ Personalized career development plans ■ Frequent internal promotions, chances for rapid advancement
Recognition & Feedback	<ul style="list-style-type: none"> ■ No formal recognition or feedback process ■ Employees feel undervalued 	<ul style="list-style-type: none"> ■ Inconsistent feedback and recognition ■ Limited emphasis on appreciation 	<ul style="list-style-type: none"> ■ Standard recognition processes ■ Annual performance reviews and occasional public recognition 	<ul style="list-style-type: none"> ■ Monthly or quarterly recognition ■ Peer-to-peer recognition initiatives 	<ul style="list-style-type: none"> ■ Constant feedback loops and public recognition and awards ■ Personalized recognition programs
Mentorship & Training	<ul style="list-style-type: none"> ■ No mentorship or training programs ■ Learning is not a priority 	<ul style="list-style-type: none"> ■ Limited or ad-hoc training opportunities ■ Informal mentorship, no structured development 	<ul style="list-style-type: none"> ■ Basic mentorship and training programs ■ Request and/or performance-based training available 	<ul style="list-style-type: none"> ■ Structured mentorship programs ■ Regular training and leadership development initiatives 	<ul style="list-style-type: none"> ■ Formal mentorship with senior leaders ■ Access to extensive training resources ■ Personalized development plans

The LHR EVP Scoreboard for Determining which Quadrant you lie in (2/2)

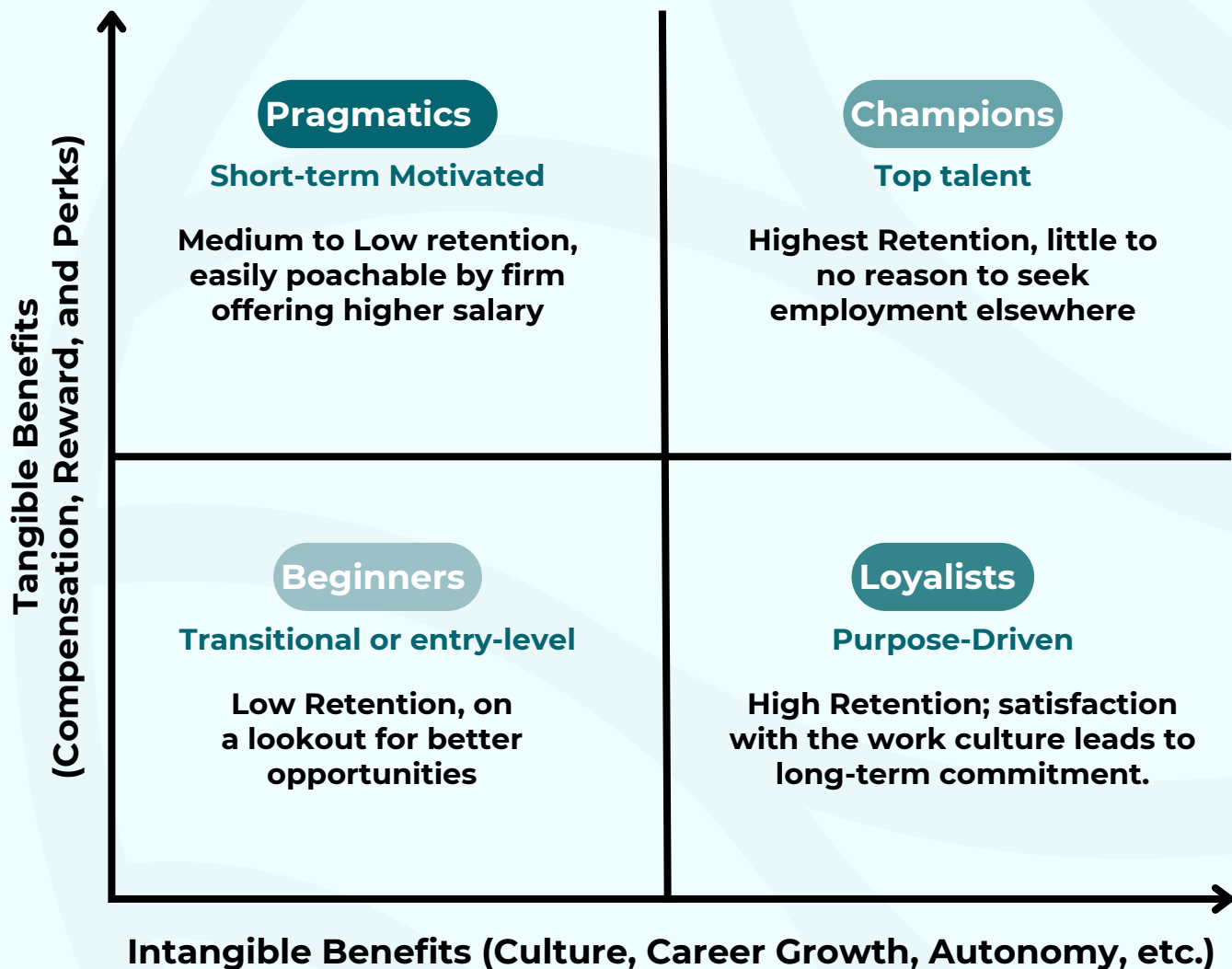
Add up the scores for tangible and intangible benefits:

- Tangible Benefits Score = Sum of scores for tangible benefit subcategories (max 15)
- Intangible Benefits Score = Sum of scores for intangible benefit subcategories (max 25)

Quadrant	Tangible Benefits Score	Intangible Benefits Score
Dream Firm	≥ 9	≥ 15
Stepping Stone	≥ 9	< 15
Golden Handcuffs	< 9	≥ 15
Last Resort Firm	< 9	< 15

If you can't offer the most attractive salaries, focus on what you can offer

This is the EVP for candidate attraction and retention. Basis which quadrant you lie in, you'll attract the corresponding category of talent. Attracting and retaining maximum champions should be the end-goal.



Even small businesses can compete with big firms to attract talent by offering intangible benefits.

How to leverage the EVP Matrix

Create a culture where people want to work for more reasons than just money.

Ask your current employees about the gaps in your offerings. Know their primary motivation of staying with your firm.

Creating value for employees builds brand equity.

Conduct exit interviews to understand the reason for quitting. If a significant percentage does so for more tangible benefits elsewhere, it is high time to work on providing intangible benefits.

Evaluate candidates during the interview and categorize them into 4 quadrants.



Ask behavioural questions

Look for cues that exhibit a growth mindset, hunger to learn, and drive to make an impact. An intrinsically motivated candidate would desire more than just tangible benefits.



Ask questions about your company

Look for cues that make the candidate excited to work with the company for its culture mentorship and training, clear growth trajectory, impact to society, and DEI values.



Ask reasons for leaving the previous firm

Look for non-monetary cues related to work culture like stagnant or slow growth, unrealistic deadlines, lack of support, no value to feedback, etc.

Attract loyalists (for junior-positions) and champions (for leadership and high-impact positions) purpose-driven and committed employees who will likely stay in the firm for much longer.

What encompasses intangible benefits

Intangible benefits are a core part of the company's culture. They cannot be built in a day. Start with these.



Here's how to incorporate it in your firm

01 Inclusive Work Culture

Foster a **culture of respect and collaboration**. Have a **non-discrimination policy to create a space space**. Encourage people to voice their concerns and opinions and **value their feedback**.

02 Career Growth Opportunities

Lay a **clear promotional path with established timelines** for every role, and communicate it to employees as well as candidates during recruitment.

03 Autonomy and Recognition

Encourage ideas from all levels and bring the best ones to fruition. Give wiggle room to team leads for experimentation, rendering support as required. **Recognize and reward their efforts fairly**.

04 Mentorship and Training

Assign **long-term senior mentors to junior and mid-level workers** to guide them with work and help them navigate the company culture. **Partner with training institutions for periodic upskilling**.

05 Sense of Purpose

Show the big picture and communicate end result to every person. For an analyst, the big picture is how their work would be a used as a precursor for developing new corporate strategy.

06 Work-Life Balance

Discourage working on weekends. Instill a **culture of working hard and partying harder** to blow off steam regularly. Give **time off after long and demanding projects** to prevent burnouts.

07 Wellness and Family Benefits

Provide **vacation days** and encourage people to take them. Introduce **annual health checkups, medical insurance, parental leaves, and mental health days**.

EVP Matrix is especially relevant today as GenZ looks beyond salaries

Stats from Adobe Future Workforce 2023 report, in collaboration with Advanis. 1,000 responses from Gen Z who had worked full-time for a medium to large-sized company for up to three years.

1

Career Guidance

91% of GenZ believe a workplace mentor is crucial for their career. Only 76% report that this need is met.

4

Upward Feedback

96% are comfortable giving feedback to their peers and colleagues, and 86% to managers or supervisors.

2

Clear Growth Pathway

93% are eager to grow, not only in impact but also up the corporate ladder to the C-suite.

5

Training and Upskilling

45% want training on hard skills when asked about what they wanted to see more of in their workplace.

3

Company Values

99% are familiar with company's values. 88% stress the importance of connecting with them.

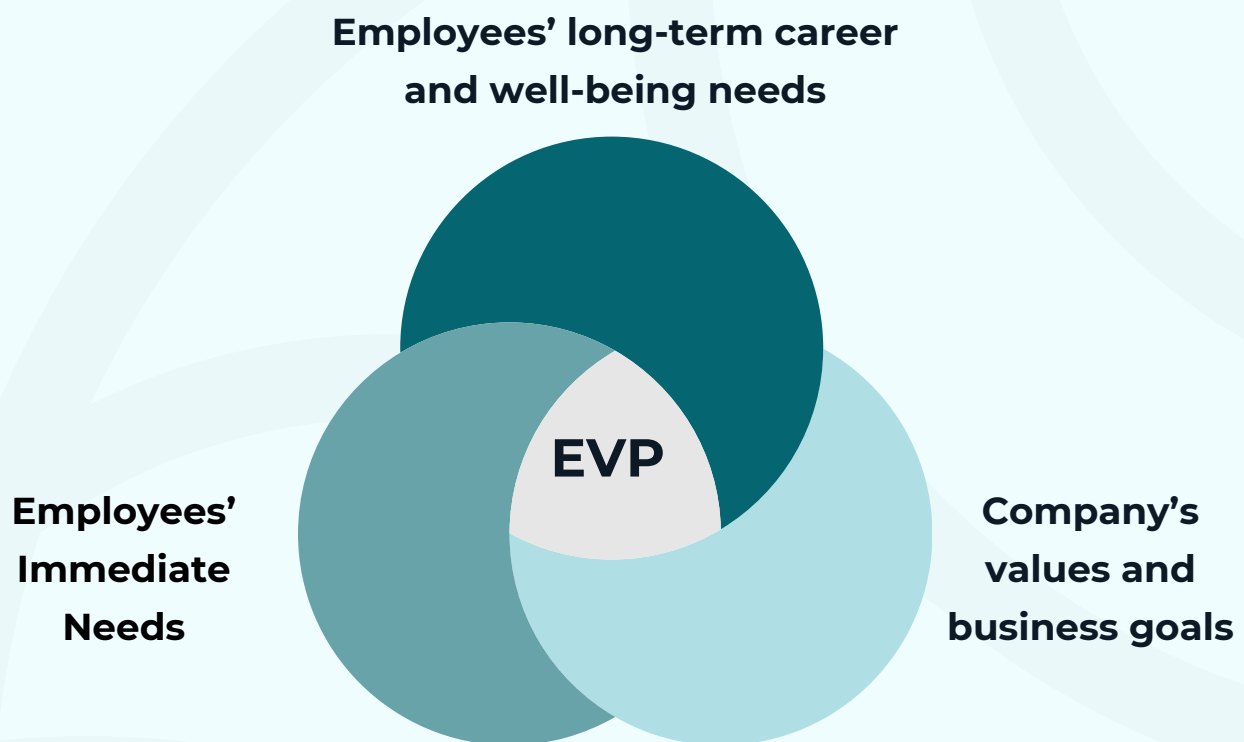
6

Sense of Purpose

39% rated 'work not interesting enough to make an impact' as a reason to leave the job.

Only 43% ranked less-than-satisfactory pay as a reason to leave the job. Other major reasons are the lack of a clear path to promotion (46%), the lack of transparency about the company's future (42%), and the lack of training programs (37%).

EVP is the blend of company's goals and employees present and future needs



A strong EVP should be:

- **Distinctive:** Highlight what sets your company apart and what it represents.
- **Relevant:** Reflect on the genuine experiences and values of your employees.
- **Appealing:** Align with the desires of your ideal candidates.
- **Holistic:** Embedded in all aspects of your business operations.

Ola Case Study Salary alone cannot retain talent

The two-year attrition rate at Ola Electric stood at 47% despite competitive salaries.

Base Pay at Ola (INR Lacs)*

45 Associate Director

37 Sr. Product Manager

28 Senior Manager

24 Sr. Software Engineer

20 Program Manager

18 Data Scientist

16 Associate ProdMan

12 SDE 1

09 Assistant Manager

Ola, backed by VC giants like SoftBank and Tiger Global Management, pays competitive salaries. It has an established brand name and all the financial resources to attract and retain the best talent.

However, if that were enough, there is no reason for its EV business to have an almost 50% attrition rate, as revealed in its Dec'2023 DHRP to the Securities and Exchange Board of India.

No reason but one **“Toxic” work culture.**

The recent X fiasco between the CEO Bhavish Agarwal with comedian Kunal Kamra has brought the issue to the public light again.

**Source: Glassdoor*

Employees use extreme negative terms to describe Ola work culture

Employee Reviews (even pros has cons)

Top review highlights by sentiment

Excerpts from user reviews, not authored by Glassdoor

Pros

"**Good salary** and fast paced" (in 93 reviews)

"**Good pay** but that's nothing compared to the affect this company will have on your mental health" (in 71 reviews)

Cons

"And **no work life balance.**" (in 185 reviews)

"**Bad management** does not use the good team" (in 111 reviews)

"**work culture is worst** here" (in 79 reviews)

"14 months given zero appreciation for work and **toxic culture**" (in 60 reviews)

Many top Executives at Ola Mobility and Ola Electric have stepped down from their roles since 2022.

Notable names:

- CEO: Hemant Bakshi
- CFO: Kartik Gupta
- Head TA: Shikharr Sood
- Head of Partnerships & Corp. Affairs: Saurabh Sharda
- Strategy Head: Slokarth Dash

From ethics to stressful work environment, there are a myriad of problems

Employee rating: 2.9/5, 25% below the industry average (3.9/5). Based on 2,036 company reviews on Glassdoor.

“Unrealistic” targets and timelines

A former Ola Cabs employee told CNBC-TV18 that the CEO and Founder, Bhavish Aggarwal, wanted Ola Cabs, a mature business, to grow 4X in six months, putting **extreme burden on employees**. There was pressure to deliver in months what established automotive companies do in 3-5 years.

Hostile Behaviour by Leaders

There is a **spot termination culture**. “It is painful to work there and you lose all your bearings. **Bhavish Aggarwal is abusive during meetings**. The atmosphere is so stressful that you start doubting yourself.”

Uncertainty of Company’s Direction

“Ola has a tendency to expand into other businesses and then pull back. The **leadership does not have the patience** required to nurture a business.” It makes employees insecure about their future in the firm.

Ethical Considerations

‘Act fast, think later’ culture led to the hasty launch of e-scooters with technical faults, resulting in accidents and near-death experiences. They did not recall the product from the market ASAP, which **did not sit well with employees who value integrity**.

Restricted Autonomy

Few senior officials have said that despite being in leadership positions, there is no space to make decisions. “**Senior employees are expected to take all accountability without authority**.”

Employees Speak

There is no respect for the candidate's time coming in for a CXO position interview.

“

"A candidate who interviewed for CXO job was made to wait for hours by Bhavish Aggarwal. He withdrew from the process, and did not even meet me," said a senior executive.

”

An employee said the company is more suited for youngblood.

“

"Having stiff targets is not the problem. The larger challenge is delivering on something unreasonable. **Ola offers you great compensation and a fast learning curve.** However, those from traditional companies have found it difficult to adjust to Ola's work culture and environment. **It is more suited for graduates and those in the age group of 24-30 years,**" said a former employee.

”

However, a 27-year-old MBA graduate from a Tier-1 B-school who joined Ola Electric in May this year is already considering leaving the firm due to extremely high work pressure with unrealistic deadlines and no support, which is starting to impact his health.

Clearly, not suited for youngblood either.

But, the startup culture is that way everywhere!

No, culture is not a formula book. Culture is what you make it.



Agree that none of these companies score 10/10 in employee culture. However, one is still better than the other.

As opposed to the contrary belief, **a strong and well-rounded EVP can exist in fast-paced industries** like startups, consulting, and investment banking.

It is in such settings that an EVP with a focus on intangible benefits should be all the more prominent to offset the high pace and pressure.

From an employee's POV, it makes putting in the hard work and the hours more worthwhile.

Conclusion

When crafting an EVP, consider the entire employee life cycle. A successful EVP should address the needs of employees at every stage, from recruitment to retention.



An employee value proposition (EVP) outlines the benefits and rewards a company offers in return for an employee's skills and expertise. It's a crucial element of a company's employer branding and helps attract and retain talent in a competitive market.

Many leaders believe that attracting and retaining talent is straightforward: ask employees what they want and provide it. However, this approach often focuses only on the immediate, material aspects of a job—such as salary or flexibility—that are at the top of employees' minds.

These elements are easy for competitors to replicate and have the least lasting effect on retention.

Instead, companies should find a balance between what employees need presently and for long-term success, balancing material benefits and opportunities for growth, connection, community, and a sense of purpose.