Internal Communication Obstacles in the Implementation of Employee Value Proposition: Viewed from State-Owned Company

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**ABSTRACT**

Dealing with the uncertainty in business conditions, several companies are missing out the opportunity in increasing employee engagement and attracting while also sustaining top talents. Since employees today have increased the bargaining power which makes the job market is highly transparent, attracting top skilled workers is a highly competitive activity. Hence, today more companies should seriously consider the challenge in developing the analytic solutions related to retaining the employee within the organizations. This paper analyses interaction between employees through internal communication, which involves Employee Value Proposition (EVP) program in one of the state owned company in Indonesia. The analysis shows that in such cases, there is a need of collaboration between employee and employer to choose suitable communication model to attract and retain talent. This research focuses on developing analytical approach to analyze communication of EVP in order to choose the suitable internal communication model for one of state-owned company in Indonesia. This study was supposed to start with qualitative, processed by quantitative and ended with qualitative data analysis methods. Based on the findings, it is found that the employees are unsatisfied with the amount/number and quality of information that they get. To overcome that, the company was advised to create a new channel communication for all of the employees to share information both internal news and public news.

**INTRODUCTION**

In welcoming ASEAN Economic Community, many companies are struggling with the strategy to compete for their business continuity. One of the objectives of the ASEAN integration process is to promote the economic growth of its members. The role of free trade agreements, and in particular of regional integration processes, on the competitiveness of ASEAN member states is an important issue studied by trade economists as well as by industry in it (Gugler & Vanoli, 2017). Human capital can be categorized as one of the assets that plays important role in the process of organizing business. With a large number of young talents entering the ASEAN Economic Community’s labor market, there are several potential conflicting expectations.

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between the employees and the employers. It is because there are generation gaps between the potential employees and the employers (White, 2011). Likewise, in Indonesia, the company wants to get top talents from Indonesia and other ASEAN countries in order to realize the goals of their business.

Kotler (2000) states that “the task of successfully hiring, training and motivating which enables employees to serve the customer well is defined as internal marketing”. One component of internal marketing that is still underdeveloped is employer branding, specifically employer attractiveness (Berthon, Ewing, & Hah, 2017). Attracting and retaining talented human capital become one of the very sources of competitive advantage. In order to attract better employees, organizations recently start using branding principles and practices in the area of human resources management (Alnıaçık & Alnıaçık, 2012).

Among the emerging countries, State Owned Enterprises (SOEs) have had their strategic roles in the economic and political development. The Indonesian Constitution instructs that “sectors of production which are important and affect the life of the people shall be controlled by the state.” In telecommunication sector, Indonesia has PT. Telkom Indonesia which conducts business in the field of integrated telecommunication services and networks in Indonesia which operates domestically and abroad (PT Telkom Indonesia (Persero) Tbk, 2016). In order to be effective and efficient in human resource perspectives, SOEs must continuously adjust their internal configurations including structure, technology, work process, system and culture (Sun, 2000).

Since 1990s, numerous organizations have developed formal employer branding programs (Backhaus & Tikoo, 2004). Telkom Indonesia is the company that has implemented employer branding with the concept of Employee Value Proposition (EVP) to entire employees, both in corporate branch and in regional branch. Since 2015, it has actively implemented the concept because Telkom realizes that organization today not only pays attention to its business scope but also gives importance to its key asset; the employees. The implementation of EVP boosts the improvement of companies’ employee performance. This employee performance improvement, then, leads to the companies’ financial performance. By having impressive financial performance, it sends a signal to the stakeholders that the company has a reputable image. From the past study (Lewis, 2003) in Chinese state-owned enterprise, the practices bundles of HRM boost organization performance.

The objective of this study is developing an analytical approach to analyze communication of EVP in order to choose the suitable internal communication model. In particular, this study focuses on determining the obstacles in internal communication which is related to Employee Value Proposition. To find the fits between culture, career, total rewards, environment and work life balance, there is a concept proposed by Council (2006) who says that developing and communicating an effective EVP can help an organization get a better choice within the prospective employees.

This topic is intriguing because the board still has doubt on whether or not EVP has been communicated well to employees. From the management point of view, the cause of employees’ low acceptance to the EVP programs is because of low performance. The next section provides a brief review of this paper in introducing the internal communication and Employee Value Proposition.
THEORETICAL BACKGROUND

Employer Branding

According to the American Marketing Association (AMA), the definition of brand is a name, term, sign, symbol or design or combination of them which is intended to identify the goods and services of one seller or group sellers and to differentiate them from its competitors (Keller, 2013). Branding is often used to differentiate tangible products, but over the years it has been applied to differentiate people, places and firms (Backhaus & Tikoo, 2004). The term “employer brand” was first introduced by Tim Ambler and Simon Barrow in London Business School in 1996. They define the employer brand as “the package of functional, economic and psychological benefits provided by employment and identified with the employing company”. The relationship between company and employee provides a series of exchanges of mutual benefit (Backhaus & Tikoo, 2004).

From the point of view of human resource practitioner, employer branding has a three-step process. First, a company develops the value proposition to be embodied in the brand. It is all about the organization’s culture, management style, qualities of current employees, current employment image, and impressions of product or service quality managers need to develop a concept of what added value their company offers employee (Sullivan, 2002). The second step is the development of the value proposition. The company markets the value proposition to its targeted potential employees, recruiting agencies and placement counselors. External marketing of the employer brand is designed primarily, not only to attract the target population but also to support and enhance the product or corporate brands. It is fundamental for employer branding to be consistent with all other branding efforts of the company (Backhaus & Tikoo, 2004). Internal marketing of the employer brand is the third aspect of employer branding. This is important because it carries the brand “promise” made to recruit and incorporates it as part of the organizational culture. The goal of internal marketing, or also known as internal branding, is to develop a workforce that is committed to the set of values and organizational goals established by the company (Frook, 2001).

Employee Value Proposition

The concept of employer branding adopts the marketing concept of brand management using such terminology as employer branding to better recognize what has long been understood: the attractiveness of an organization is an important factor in recruiting and retaining employees (Ito, Brotheridge, & McFarland, 2013). The Corporate Leadership Council proposes the concept of Employee Value Proposition that will drive attraction and commitment towards people in the organization (Council, 2006):
Based on CLC study, the EVP consists of five attributes. It comprises by Reward, Opportunity, Work, People and Organization. Table 1 below is the definition of each attribute:

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward</td>
<td>consist of the tangible rewards and benefits from the company, either cash or non-cash, for instance: compensation, medical aid, car allowance and others</td>
</tr>
<tr>
<td>Opportunity</td>
<td>the opportunity offered by company. The opportunities are like the development and career growth in a company with the possibility to move up and climb the stages of corporate after joining the company</td>
</tr>
<tr>
<td>Work</td>
<td>the actual definition of work in job, whether the work literally satisfies the employees and whether they are interested in what they do on daily activities</td>
</tr>
<tr>
<td>People</td>
<td>the culture of company that fits with the new employee and the results derived from environment itself, for instance: the shared vision of organization and the sustainability of climate which is conducive to encourage employees to be creative</td>
</tr>
<tr>
<td>Organization</td>
<td>the characteristics, categories and type of industry of the organization</td>
</tr>
</tbody>
</table>

Jordan, Hathaway, Veal, & Walker, (2014) suggest a connection between EVP and Internal Communication. Communication with employees is an important part for building an EVP and ensuring the employee awareness. It is also important for understanding the EVP and how EVP relates to the employees. According to Tower Watson’s study (Watson Wyatt Worldwide, 2010), successful companies are which actually intense in building the Employee Value Proposition.

To be a successful company, the company is also confronted by the uncertain changes that require quick adaptation. One of changes facing by companies is the
necessity to improve the quality of internal communication which becomes a key of organization success factor (Dunmore, 2005).

To understand the components that make a strong professional EVP in an organization, Hughes & Rog, (2008) developed a survey by looking at EVP through four classifications. These classifications were made in order to understand which EVP factors that affect the employees in the workplace. The survey questions which were adapted from HRM Recruitment Group can be seen in Table 2.

Communication of Employee Value Proposition

Numerous scholars have defined communication as the exchange of information between a sender and a receiver where the message flows from one point to another and the communicators are linked together by channels (Kalla, 2005; Kinicki & Kreitner, 2008). Internal communication is a fundamental management activity in every organization since it is vital for employees to receive information regarding their job. However, effective communication is defined as an interactive two-way communication process resulting in an action or decision (even if it is not the intended action or decision); effective communication can be distinguished from communicating (two-way exchange of messages without action) and informing (one-way sending of messages) (Kalla, 2005).

Communication is necessary in order to create employer’s knowledge. Moreover, specific communication practices need to be placed for various audiences, such as employees. The employees are the most valuable and essential resource in order to reach organizational objectives and future goals. Thus, it is concluded that the communication has always been linked to organizational profit and growth (Steingrímsdóttir, 2018). When it comes to communication, successful companies pay close attention to articulate their Employee Value Proposition. Highly effective companies have a clear defined EVP strategy and are more likely to communicate with their employees about the values of reward programs in a comprehensive way (Watson Wyatt Worldwide, 2010). The current competitive environment has forced companies to adapt more quickly to uncertain changes. Such changes require the companies to improve the quality of internal communication which becomes a key for organization success factor (Dunmore, 2005; Gray & Laidlaw, 2004).

Nowadays, internal communication is seen as more multidimensional and considered as much more than just message exchange, information flow or providing information about people’s work. Internal communication is about relationship and creating a respected atmosphere for all the people within the organization (Argenti, 2009). Effective internal communication can lead to higher job performance, which can result in competitive advantages for the organization. Furthermore, Awad & Alhashemi, (2012) elaborate the characteristics needed in successful interpersonal communicator behavior:

1. Positive self-concept. Individuals who have positive concepts of who they are (or who they think they would like to be) are in a better position to manage their relations with others. It does not necessarily mean a single view of self or a consistent view.

2. Open-mindedness. An open minded individual is able to see alternatives in situations, is willing to invite suggestions and has the ability to assess the alternatives.
Table 2. Factor of EVP

<table>
<thead>
<tr>
<th>No.</th>
<th>Dimension</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Rewards</td>
<td>Salary, Health Cover, Pension Fund, Life Assurance, Post-Retirement Health Care Facilities, Annual Leave, Company Car, Performance Bonus, Share Options</td>
</tr>
<tr>
<td>2</td>
<td>Opportunity</td>
<td>Career Planning, Provision of study support, Learning and development, Allocation of mentor, Policy to promote internally, Clear career paths, Organization’s growth, Organizational Stability, Performance feedback</td>
</tr>
<tr>
<td>4</td>
<td>Work and People</td>
<td>The opportunity to travel as part of the role, The level of innovation, Role’s influence on decision-making, The leadership listening to employees opinions in making decisions, The personal interest in the responsibilities of the role, Location, Work/life balance, Recognition provided to employees in your role, Reporting</td>
</tr>
</tbody>
</table>

Measuring internal communication

Discussing about communication, when the company pays close attention to their EVP, it is arguable that the company is successful. Normally, an effective company has a clearly communicated EVP and defines its EVP programs in a comprehensive way (Watson Wyatt Worldwide, 2010). To answer those conditions, Downs & Hazen (1977) developed a survey concerning the Communication Satisfaction Questionnaire (CSQ). This measurement tool focuses on employees’ attitudes and judgments of
numerous communication practices. The factors of the communication survey questionnaire can be seen in Table 3.

<table>
<thead>
<tr>
<th>Factor CSQ</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational perspective</td>
<td>encompasses information on the organization as a whole</td>
</tr>
<tr>
<td>Personal Feedback</td>
<td>related to employees’ need to know how they are being judged and how their performance is being evaluated</td>
</tr>
<tr>
<td>Organizational Integration</td>
<td>the degree to which people receive information about their nearest environment</td>
</tr>
<tr>
<td>Supervisory Communication</td>
<td>involves communication with superiors, both upward and downward</td>
</tr>
<tr>
<td>Communication Climate</td>
<td>includes communication on both organizational and personal levels</td>
</tr>
<tr>
<td>Horizontal Communication</td>
<td>to what extent people and informal communication are precise and flowing between people</td>
</tr>
<tr>
<td>Media Quality</td>
<td>includes the communication channels</td>
</tr>
<tr>
<td>Subordinate Communication</td>
<td>entails upward and downward communication with subordinates</td>
</tr>
<tr>
<td>Top Management Communication</td>
<td>evaluates the communication of top management with the people of the organization</td>
</tr>
<tr>
<td>Interdepartmental Communication</td>
<td>encompasses communication that is needed between different departments of the organization</td>
</tr>
</tbody>
</table>

**RESEARCH METHOD**

This research was supposed to start with qualitative, processed by quantitative, and ended with qualitative data analysis methods (adapted from Bryman, 2012). These methods were used in order to gain some conceptions and possible responses for the quantitative questionnaire. Before that, this study identified the problems in the field to complete the root cause of the problem. Afterwards, a concept was developed by using the theory of Employee Value Proposition and Internal Communication. Then, this study analyzed the concept of the EVP and the causing factors that made poor communication in implementing EVP and gave recommendation for problem solution.

Figure 2. Data analysis phases

The primary objective of this study is to compare the pattern that emerges from the empirical observations with the pattern that is predicted based on theory (Yin, 2014). The data were analysed as the following steps:

- identifying the factors that changed employees behavior,
- classifying the level of urgency of those EVP factors, and
- analysing how internal communication influenced the way of EVP implementation and how the organisation handled the internal communication.
Data collection

The data of this research were taken from a service company, PT Telekomunikasi Indonesia (PT. Telkom) especially in West Java region III. PT. Telkom is one of the first state-owned monopoly companies in Indonesia. It provides the best service to the public phone users or customers. The data were gathered through two methods, primarily by spreading the questionnaires to respondents. Total of 93 respondents participated in answering the questionnaires regarding the topics: EVP and Internal Communication. The respondents involved in this study were the employees of Telkom Regional Division III. For the issue of EVP, the data were collected through interviews. Semi-formal interview was conducted with individuals from the two staffs on this issue. The interviewees were selected based on their capability on EVP topic. The topics discussed in the interview included the implementation of EVP, attributes of EVP, the communication, the situation on the field, etc. The interviewees also agreed to give clarification and further explanation related to their answers.

Data analysis

In this research, the data were processed and analyzed by first categorizing them, looking for a link between the contents of various data with the intention to get the meaning. There are several analyzing techniques of qualitative research methods, and researchers can select the suitable technique according to the topics/aims of their studies (Bryman, 2012). The data of this research were analyzed by using descriptive data analysis, the method of analysis by collecting, processing, presenting, and analyzing data in order to obtain an examined issue. Descriptive analysis was used to determine how internal communication regarding the EVP is implemented in Telkom Regional Division III.

Validity and reliability check

To measure the validation of the research method is to test to what extent the survey can be used to identify other organizations. The questionnaire used for this survey can also be used for any other organization. Moreover, the CSQ for measuring the internal communication has been proven to be a valid measurement tool (Steingrímsdóttir, 2018). The survey of Understanding Employee Value Proposition from Morris (2012) is also a valid measurement since the results of the survey are used in this report, preceded by an analysis of the respondents and explanation of the survey methodology.

However, the qualitative content analysis is a particularly reliable approach to handle the data. The statement from interview transcripts is a specific code created to describe the data. It can be confirmed by repeating the analysis of the previous data periodically to check the stability and contacting the interviewees after the interview (Roberts, Priest, & Traynor, 2013). Recording and transcribing are other methods for increasing the reliability. In qualitative research approach, conversation analysis is made to capture the subtle circumstances of communication by creating standardized transcription (Qu & Dumay, 2011).
ANALYSIS

Understanding Employee Value Proposition

Human resource professionals should act as a facilitator among the various verticals and should confirm collaboration to ensure the employee’s expectation and company are integrated and aligned (Browne, 2012). EVP is being used to define the underlying ‘offer’ on which an organization’s employer brand marketing and management activities are based; also to heighten emotional and intellectual connection an employee has for his/her job or organization (Browne, 2012; Hughes & Rog, 2008). EVP is a category of formal and informal benefits offered by an employer as an exchange for employment. The analysis of understanding EVP has been divided through four classifications; total rewards, opportunity, organization and work and people. Based on results of questionnaire in Telkom Regional III, Employee Value Proposition category is divided by the level of urgency for understanding Employee Value Proposition model.

From the previous study, career growth and reward can be considered as predictive determinants of EVP for increasing performance (Salau et al., 2018). Based on the overview from questionnaires, its explains which factors are most significant to increase performance of employee. It will help the organization pay close attention to which factors that are considered urgent, needed but less urgent and only optional. The urgent factors are those that become the major consideration by the employees to help their work and career in Telkom. While, the needed but less urgent factors are those that become the common consideration by employees in order to help their work and career in Telkom. Meanwhile, the last category, the optional factors, is not the main thing for employees to succeed on their career. Regardless of whether, if the organization can determine which urgent factors needed by the employees, the factors can be used as measurements of energy and enthusiasm that employees have for their organization (Hughes & Rog, 2008). Engaged employees are individuals who take action to improve the business of their organizations. They will “stay, say, and strive – stay with and are committed to the organization, say positive things about their workplace, and strive to go above and beyond to deliver extraordinary work” (Looi, Marusarz, & Baumruk, 2007).

In other words, Hughes & Rog (2008) say the more optimal the implementation of Employee Value Proposition, the more likely the employee says positive things about the organization. It will then lead to contribution to the development of a positive employer brand, tendency to remain within the organization, minimizing turnover, regularly exerting a superior level of effort and potentially influencing such variables as service quality, customer satisfaction, productivity, sales, profitability, etc.

Internal communication

There are numerous studies that report a strong connection between engagement, employee performance and business outcomes (Tkalac Verčič & Pološki Vokić, 2017). Studies have consistently shown that various internal communication elements, such as innovative organizational communication initiatives, open channels of communication, constant feedback, and information sharing, are positively associated with work engagement (Bakker & Demerouti, 2008; Caesens, Stinglhamber, & Luypaert, 2014).
A study suggests that good internal communication enhances engagement in public, private and other sectors of organizations. On the other side, poor communication reduces engagement (Welch, 2011). Based on the distribution of 93 questionnaires for internal communication section, there are some categories considered unclear in communication i.e. the overall amount/number and qualified information about career development as well as remuneration benefits offered by the organization. Thus, it is concluded that the information flow regarding those topics are in unsatisfactory stage. Taking into account, the importance of career management and development for employees’ career motivation, internal communication regarding this matter is considered badly needed. However, the trust factor scores high, respondents indicate that the information they receive from their supervisor is trustworthy. It shows that they trust their supervisor.

Table 4. The Result of EVP Categorization

<table>
<thead>
<tr>
<th>Total Rewards</th>
<th>Urgent</th>
<th>Needed but a less urgent</th>
<th>Optional</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Urgent</th>
<th>Needed but a less urgent</th>
<th>Optional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear career paths, Policy to promote internally and Performance feedback.</td>
<td>Learning and development, Organizational stability and Career planning.</td>
<td>Provision of study support, Organization's growth and Allocation of mentor.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organization</th>
<th>Urgent</th>
<th>Needed but a less urgent</th>
<th>Optional</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Work and People</th>
<th>Urgent</th>
<th>Needed but a less urgent</th>
<th>Optional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-life balance, Understanding leader who listens to employee opinions when making decisions and Self role's influence on decision-making.</td>
<td>The location, The level of innovation, and The level of recognition provided to employees in their role.</td>
<td>Reporting, Personal interest in the responsibilities of role, and The opportunity to travel as part of the job.</td>
<td></td>
</tr>
</tbody>
</table>

The score for communication with top management is low and the score of trustworthy information from top management is average. Based on the result, it can be seen that the information and communication from top management at Telkom Regional Division III have not been established open but they are trustworthy for the employees. However, it may also be interpreted that the communication involves too many announcements instead of two-way communication with the employees.
It is also found on the results that the overall information received from co-workers and communication flow with co-workers is neither trustworthy nor open. This indicates that employees are most unsatisfied with information from co-workers, even though they have a good feeling with solidarity experience among them. Although most of the employees are already received accurate information from the source that can be trusted, but based on the questionnaire result, it can be seen that they are still not satisfied with the flow of information in Telkom Regional Division III.

**Communication model for internal communication**

It has been discussed in the previous discussion that employees are still not satisfied with the amount/number and quality of information that they get. To overcome that, this study suggests the company to make new channels information for all of the employees to gain back information about Telkom’s news, Telkom’s policy, and other important news. Besides using common communication models i.e. email blasting and portal’s division, communication form can be established in different formats in different systems through Content Management System (CMS) (Wan, Li, & Gao, 2016). Content Management System with strong ability, flexibility and extendibility is being taken as one of the most important Information and Communication Technologies (ICTs) in managing organization information and knowledge (Clair, 2012).

To help blasting the information to the entire employees, the company should also make an innovation to announce the news or information about Telkom such as organizational changes and other important news, innovation in the industry, updates on current initiatives within the business, information on benefit plans and wellness programs. The innovation can also features a regular message from the CEO (top management) and/or leadership team, product updates and developments, competitor updates and latest survey results. The news that has been informed to all employees are expected to keep the employees updated through the preaching of current condition in Telkom.

The business process of Content Management System (CMS) will be developed through mobile apps (android or iOS) since the majority of employees in Telkom Regional Division III are smartphone users, either android or iOS. Based on the past study (Das, Gryseels, Sudhir, & Tan, 2016), mobile devices have overtaken fixed-line devices as the main gateway through which people access the Internet (Das et al., 2016). Therefore, the proposed solution in creating the content management system will be appropriate for Telkom where employees are considered tech-savvy. Here is the summary of business process in proposed solution in creating content management system through mobile apps.
The benefit of using CMS should be supported with the system which enables content managers and editors to pay attention on the digitization processes, including monitoring the capture of images, tracking the authoring and editing the narrative text. Using workflow management tools represents the progress until the users read information on their smartphone through mobile apps that has been developed.

CONCLUSION AND FUTURE RESEARCH

The purpose of this paper is to understand how an organization can manage internal communication regarding the implementation of Employee Value Proposition program. In particular, Telkom Regional Division III faced the obstacles on the communication and implementing their EVP. The information about (1) career and development and (2) remuneration and benefits are not clearly informed to the employees. Therefore, the channels information should be improved and developed to achieve their goals in communicating EVP attributes.

So is with the co-workers’ obstacles, the communication with co-workers is also low. The survey result shows the communication with co-workers are (1) less trustworthy, (2) less free flowing and (3) less satisfied. Furthermore, based on this study, Telkom Regional Division III still has a major homework to be solved. It is because most of the employees are not aware about the importance of face-to-face technique in information distribution. In fact, face-to-face technique is the best way for employees to keep up with the information, especially between the co-workers who share the closest information resources in the workforce. It can be the urgent consideration in modifying new step to make a program among employees to create more intimate condition for employment issues.

Regardless of whether developing a new channel will help the communication of EVP, Telkom needs to focus in communication through two recommendation channels; (1) face-to-face interaction and (2) ICT tools. However, although the existence of those channels in Telkom and some of them are already implemented, these interactions are both closely linked in order to answer their problems.
In addition, several limitations of this study should be mentioned. First, the sample of this study for internal communication is only in one branch which has a crucial communication of EVP. It is expected that the future research will study another public company or state owned company to enhance Employee Value Proposition study. Future researchers should also start to investigate additional topics that can be a great insight to the development of Employee Value Proposition.

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