

FINANCIAL LITERACY IN THE CORPORATE: ACHIEVING EVA THROUGH EVP

L.R.K. Krishnan, VIT Business School, Chennai
Sharon Sophia, VIT Business School, Chennai

INTRODUCTION

The growth of the business depends on how well the business is able to utilise its funds with the main purpose of any business activity is cost optimisation and profit maximisation. As profit maximisation is the goal of the business, wealth maximisation is the expectation of the stake holders; the new dimension that is emerging in corporate venture is value creation/maximisation which is the core of any corporate activity. Nikhil (2009), As Peter Drucker put the matter in a Harvard Business Review article.

“Until a business returns a profit that is greater than its cost of capital, it operates at a loss. Never mind that it pays taxes as if it had a genuine profit. The enterprise still returns less to the economy than it devours in resources. Until then it does not create wealth; it destroys it.”

EVA rectifies this error by unambiguously distinguishing that when managers engage in capital they are liable for it, fair enough as in the case of a wage. Stern Stewart & Co. (2000), states EVA raises storm in corporate world and gives a new way to think about rewarding management. The value based performance stands at its core in the corporate house that has moved from its traditional shell.

Human productivity is a multifactor dimension which includes engagement, training, health, financial management and satisfaction of the employees. Given this mandate, imparting financial education can give the employees and extra thrust to help employees deal with their personal finances. The effectiveness of work place financial education programs helps the employees to understand personal and business finance. Earning money, savings, expenses and investment will all be looked at prudently by the employees with financial education which has a positive rub off at work and they can be at peace and be far more productive at work. The benefit to both employer and employee initiates a strengthened work environment. Fostering financial savvy employees improves workplace behaviour and the bigger picture is benefiting the employer. Plugging the educational gap helps grappling employees to win their life challenge as well tweak to work in favour of business productivity.

An employee value proposition (EVP) is the unique set of benefits that an employee receives in return for the skills, capabilities, and experience they bring to a company, Michael (2021). An EVP is about defining the essence of your company how it is unique and what it stands for. It encompasses the central reasons that people are proud and motivated to work there, such as the inspiring vision or distinctive culture. It is crucial to make sure your EVP is unique, relevant, and compelling. When integrated into all aspects of a business, a strong EVP will help retain top performers and attract the best external talent. To attract employees to your organisation, be motivated and remain in the organisation, it is essential that organisations create a learning culture and provide a road map for creating wealth from job earnings by prudent investing, savings and better expenses management. Employers need to derive value from such education at the work place as employees better understand money management, value of money and handle all personal and work matters with a purpose of

effectively managing costs and enhancing value to self and organisation. Saving for retirement is next challenge while employers provide workplace schemes.

REFERENCES

- Michael (2021). Retrieved from <https://www.michaelpage.co.uk/advice/management-advice/attraction-and-recruitment/create-great-employee-value-proposition>.
- Nikhil C.S. (2009). Performance Measures: An Application of Economic Value Added, *Journal of Business and Management*, Pp 169-177.
- Stern Stewart & Co. (2000). WWW home page. Retrieved from <http://www.sternstewart.com/index2.shtml>.