



EMPLOYMENT BRANDING

DEFINING AND DELIVERING YOUR EMPLOYMENT PROMISE

careerbuilder®

INTRODUCTION:

All companies have an employment brand. Few, however, recognize the importance of deliberately and systematically shaping their employment brand—the perception of the unique employment experience they provide.

To attract top talent, companies must make a concerted effort to ensure that they stand for something meaningful as an employer, and that potential job-seekers and employees know what that “something” is. They must understand what their target audiences value, know what differentiates their company from their talent competitors and be able to deliver on their employment promise every day.

It is critical for employers to set realistic expectations when they are recruiting candidates. According to a CareerBuilder

survey conducted in November 2008, respondents who say their company meets their initial expectations also rate the company as a good place to work. In addition, employees who rate their company positively also say they would recommend it to others.

A company’s employment brand plays a critical role in both attracting and retaining talent. If organizations lack compelling reasons for people to come work for them and to stay, they risk losing out to competitors that make a more convincing case or that have the resources to lure people with higher salaries.

Companies that maintain a compelling employment brand have a critical head start when it comes to attracting talent. These companies attract a much larger pool of job applicants

CareerBuilder's Employment Branding

than other companies in the same industry, according to a CareerBuilder analysis of more than 265,000 job postings on CareerBuilder.com in three different industries. (See page 5 for details on how the analysis was conducted.)

In each of the industries studied (finance, healthcare and retail), companies that have appeared on the list of Fortune Best Companies to Work For in America garnered at least 3.5 times more applications per job posting than other companies in the same industry. The larger the applicant pool, the better chance a company has to hire exactly the right people to fill its open positions.

For purposes of the research, CareerBuilder assumed that companies on the Fortune 100 list have a strong employment brand. Independent research has shown that these companies (which Fortune screens rigorously) have better employee relations and employee attitudes than comparable organizations—embodying the strong employment brand concept.

In addition, the CareerBuilder survey found that a surprisingly low number of employees believe their companies are delivering on their employment promises. Only 44 percent of respondents say their company matches their expectations. This compares to 59 percent who say that their own job meets the expectations they had when they accepted the position.

Further, a large percentage of employees express dissatisfaction with their job or their company. Asked whether they would recommend their employer to others, 67 percent of respondents say “no” or “not sure.” Slightly more than one-third of respondents (34 percent) rate their company as a “poor” or “extremely poor” place to work. Forty-four percent of those surveyed say that their employer communicates poorly about issues that are important to them.

And finally, when asked about the main reason they decided to leave the last time they voluntarily left a position, 35 percent of respondents blamed the company, compared to 28 percent who cited the job itself.

“Taken together, these results suggest a significant opportunity for companies to strengthen their employment brand, and consequently improve retention,” said Mary Delaney, president of Personified a CareerBuilder Company. “There are many actions employers can and should take to enhance their brand,” Delaney added.

EMPLOYMENT BRANDING ON THE RISE

While the concept of employment branding goes back dozens of years, most companies are just beginning to realize

the value of actively managing their workplace image and reputation.

A recent poll found that companies are increasingly willing to put resources behind employment branding. Just five years ago, fewer than one in 10 Fortune 200 companies committed resources to managing the employment brand. Today, more than 25 percent of Fortune 200 companies have dedicated headcount and budget to the practice.¹

Research conducted by the Society for Human Resource Management (SHRM) found that 61 percent of companies have an employment brand and 25 percent either developed one recently or are planning to do so within a year.²

Companies are investing in business-to-employee (B2E) branding for many of the same reasons that they invest in business-to-consumer (B2C) or business-to-business (B2B) branding. As Scott Bedbury, author of *A New Brand World*, put it: “Brands are sponges for content, for images, for fleeting feelings. They become psychological concepts held in the minds of the public, where they may stay forever.”³

In some ways, employment branding is even more important than consumer branding. While consumer brands encourage people to purchase a product or a service, employment brands encourage them to make a decision that can literally change their lives. Companies that simply tweak or repurpose their consumer brands for employment are likely to be disappointed with the results.

BENEFITS OF A STRONG EMPLOYMENT BRAND

Companies that do not differentiate themselves by building a powerful employment brand are at a disadvantage in attracting talent. Among the positive results of a strong employment brand are more effective recruiting, lower recruiting costs, improved quality of candidates, more engaged employees and lower turnover.

Research conducted by the Corporate Leadership Council (CLC) suggests that companies with a strong employment brand can land people who are changing jobs with smaller salary increases compared to organizations with an unknown or unattractive brand. The study also found that smaller companies can compete with much larger organizations if they demonstrate a good match with candidates' job requirements and aspirations.⁴

A strong employment brand helps attract employees who share a company's vision and values, and who in other ways are a good fit with the culture of the organization. In

addition, when the employment brand accurately represents the company's culture, it is more likely that the company can retain workers, saving an average of \$2,915 per hire, according to SHRM.⁵

A clearly articulated employment brand is particularly helpful in attracting passive candidates—those who are not looking to change jobs but would consider a good opportunity if it came their way. A global study conducted by CLC found that effective employment branding enables organizations to reach into a deeper pool of talent. The study of more than 58,000 new hires and tenured employees from 90 organizations found that organizations that have managed employment brands are able to source from more than 60 percent of the labor market, while those with unmanaged brands can source from only 40 percent.⁶

WHILE CONSUMER BRANDS ENCOURAGE PEOPLE TO PURCHASE A PRODUCT OR A SERVICE, EMPLOYMENT BRANDS ENCOURAGE THEM TO MAKE A DECISION THAT CAN LITERALLY CHANGE THEIR LIVES.

Once on board, employees are more likely to stay if the employer delivers on its promises. The average voluntary turnover rate for companies listed in the 2008 Fortune 100 Best Companies to Work For was 11.3 percent,⁷ compared to 25.4 percent for companies overall, according to the Bureau of Labor Statistics.⁸

A study of Yum, the parent company of Taco Bell, KFC, Pizza Hut, A&W and Long John Silver's, found that significant investments in strengthening the company's employment brand, including hiring an employment marketing manager, improving employee communications and instituting recognition programs, resulted in improved retention.⁹ In 2000, the turnover rate for hourly workers at Taco Bell was almost 200 percent. By the second quarter of 2003, the turnover rate had dropped to 98 percent, compared to the fast-food industry average for hourly workers of 120 percent. Higher retention rates were also reflected in the bottom line. The stores in the top 20 percent for employee retention had double the sales and were 55 percent more profitable than those in the bottom 20 percent.¹⁰

Yum's experience supports the conclusion that a strong employment brand can lead to better financial results. A 10-year-old study published in the Harvard Business Review, which is still widely referenced, discusses a business model used by Sears that tracked the impact of employee attitudes

on customer satisfaction and, ultimately, on financial performance.

“Our model shows that a 5-point improvement in employee attitudes will drive a 1.3 point improvement in customer satisfaction, which in turn will drive a 0.5 percent improvement in revenue growth,” the authors wrote. “At our current after tax margin and price-earnings ratio, those extra revenues increase our market capitalization by nearly one quarter of a billion dollars.”¹¹

Similarly, a study by professors at Michigan State University and University of Wisconsin-Madison found that publicly traded companies on the Fortune 100 Best Companies to Work For In America list performed better on financial measures (return on assets, market-to-book ratio and shareholder returns) than the broad market, and in some cases, better than a matched group of companies that were not on the list.

“Our study [demonstrates] a connection using firm-level data between the strategy of developing an attractive workplace (the success of which is judged primarily by employees themselves) and having financial performance that is as good, and often substantially better than that of competitors,” the authors wrote. They added, “Being an attractive employer may create an important intangible asset, positive employee relations, that differentiates firms in a value-producing way.”¹²

INVESTING IN A STRONG EMPLOYMENT BRAND

A company's employment brand strategy is a long term effort that permeates every aspect of the employee lifecycle, including recruitment, onboarding, retention and engagement. The most important guiding principle is that companies must deliver what they promise. Consistency between words and actions goes a long way toward building a positive perception among both job-seekers and employees. Just as companies invest in their consumer or business-to-business brands, they should invest in a rigorous, ongoing process to build their employment brand. The four main components of this process are:

- Assessment
- Developing an Employee Value Proposition (EVP)
- Communicating the employment brand
- Evaluating effectiveness

ASSESSMENT

A critical step in building a powerful employment brand is to identify your target talent: the people your company wants to attract. Profiling your organization's most valuable players will give you a good idea of your target talent.

Next, determine the job factors that are most important to target talent and your current employees. “People consider many factors when they are deciding whether to accept a job. Our research shows that while salary typically is the most important factor, the relative importance of other factors varies considerably. To attract the top players, you need to understand what factors are most important to your specific audience,” said Delaney.

In addition, it is useful to learn how employees and target talent perceive your company and your talent competitors as places to work. Your competition for customers is not the same as your competition for talent. For example, a large Chicago-area health care company looking to fill roles in Finance competes for talent with small, medium and large companies in multiple industries, while it competes for customers only with other health care companies.

People form an image of an organization based on multiple sources, including what employees say, the website, employment ads, job postings, their own interactions with the company and “word on the street.”

Does your company have a reputation as collegial or cut-throat? Is the atmosphere casual or formal? Do employees and target talent see it as a place where one can grow and advance, or as a place to get some experience and quickly move on? This type of information about the company culture will help you better understand your current employment brand and what you might want to change.

You will also want to determine what ground your talent competitors have staked out in the employment landscape—in other words, how do they differentiate themselves?

DEVELOPING AN EMPLOYER VALUE PROPOSITION

Armed with the information described above, you can develop your employer value proposition (EVP). While “EVP” is often used interchangeably with “employment branding,” the terms are not synonymous. “Employment branding refers to an ongoing process, while the EVP articulates why a person would want to join and remain at a particular company,” Delaney explained.

The best EVPs summarize what makes an employer unique—what position the company “owns” that differentiates it from its talent competitors. These differentiators might include benefits, culture, training programs or other factors. The EVP reinforces a company’s culture, resonating both with target talent and current employees.

For example, Nike’s EVP emphasizes a culture that pushes

boundaries and encourages innovation: Nike does more than outfit the world’s best athletes. We are a place to explore potential, obliterate boundaries, and push out the edges of what can be. We’re looking for people who can grow, think, dream and create. We thrive in a culture that embraces diversity and rewards imagination. We seek achievers, leaders and visionaries. At Nike, it’s about bringing what you have to a challenging and constantly evolving game.¹³

Marriott’s EVP focuses on growth and opportunity: You’ve found a place where you define what success means to you, and we help make it happen. It’s where you’ll be given the building blocks you need to forge a challenging new path, the hotel jobs/opportunities you want to expand your skills, and the benefits that let you live the life you want. You’ll work alongside coworkers who share your enthusiasm about your hotel employment with Marriott. And you’ll discover hospitality jobs that offer growth and promotions that will let you experience the career of a lifetime.¹⁴

LEARN HOW EMPLOYEES AND TARGET TALENT PERCEIVE YOUR COMPANY AND YOUR TALENT COMPETITORS AS PLACES TO WORK. YOUR COMPETITION FOR CUSTOMERS IS NOT THE SAME AS YOUR COMPETITION FOR TALENT.

CareerBuilder’s survey research suggests that, in general, companies may not sufficiently emphasize their own virtues—such things as culture, mission and values—when seeking to attract employees. Only 4 percent of respondents said that the company is most important to them when deciding whether to accept a new position, compared to nearly one-quarter who said the job itself is most important. About 70 percent said that the job and the company are equally important in making that decision.

Although it may seem obvious that companies should understand their value proposition before they spend money on recruitment advertising, many spend recruitment dollars without thinking beyond the jobs they need to fill. In 2008, U.S. companies were slated to spend \$60 billion on recruitment advertising—including online, print, employment agencies and job fairs. Their return on investment undoubtedly would be greater if they did a better job articulating what they have to offer employees.

“An advertising campaign is not the same as an EVP,” said Delaney. “Until companies know what their target talent values in an employer, who their competitors for talent are

THE METHODOLOGY

To determine the effect of employment branding on talent attraction, CareerBuilder compared the number of applications per job posting for companies on the Fortune 100 Best Companies to Work For list from 1998 to 2008 with companies in the same industry that were not on the list. The analysis included more than 265,000 job postings on CareerBuilder.com by companies in three different industries (finance, health care and retail).

A compelling case can be made that companies on the Fortune list have better employee relations and employee attitudes than comparable organizations, according to a study published in *Personnel Psychology*.¹ Better employee relations and employee attitudes equate to a strong employment brand, since employees have the most accurate perception of what it is like to work for a particular company.

Fortune compiles its list based on an evaluation of the culture of each company (including demographics, pay and benefit programs, management philosophy, internal communications, hiring practices and diversity efforts), as well as employee opinions, which account for two-thirds of the total score. The 57-item survey is sent to a minimum of 400 randomly selected employees at each company. To apply, companies must be at least seven years old and have more than 1,000 U.S. employees.

CareerBuilder also tested whether companies on the Fortune list are attracting applicants based on the strength of their employment brand, and not just because they have strong consumer brand awareness. By comparing companies on the Fortune list and those on the Interbrand list of 100 Best Global Brands, which ranks consumer brands, we found that 77 companies appeared on the Interbrand list at least once from 2001 (the year the rankings started) through 2008.² Of the 77, only 23 (30 percent) appeared on the Fortune list during the same time period. If job-seekers applied to the companies on the Fortune list solely based on their recognition of the consumer brand, there would be a greater overlap between the two lists.

1 Ingrid Smithey Fulmer, Barry Gerhart, and Kimberly S. Scott, "Are the 100 Best better? An empirical investigation of the relationship between being a 'great place to work' and firm performance," Personnel Psychology, vol. 56, no. 4, pp. 965-993 (2003).

2 Available online at http://www.interbrand.com/best_global_brands.aspx?year=2008&langid=1000.

and what differentiates them from those competitors, it is premature to create a brand strategy, brand messages or advertising," she added.

COMMUNICATING THE EMPLOYMENT BRAND

Employees place a premium on how well their companies communicate about issues that are important to them. Employees who give high ratings to internal communications also tend to rate the company as a good place to work and to recommend it to others, according to CareerBuilder research.

With your EVP in mind, you can create both internal and external communication plans to disseminate your brand messages. CareerBuilder's experts recommend spending as much time crafting the message for potential employees as you spend developing brand messaging for customers and prospective customers. In fact, the marketing department can play a valuable role in sharpening your employment messages.

The career page on your company website is an important outlet for brand messaging. Although career pages are primarily geared toward external audiences, employees also pay attention to these sites. Visitors to the career site should get a good sense of what it's like to work at the company. "Day in the life" articles and videos that show people working

and interacting with colleagues are valuable tools to attract candidates.

The Union Pacific career page, for example, provides visitors with eight well-produced videos that introduce employees who do various jobs for the railroad. (They can be viewed at <http://www.unionpacific.jobs>.) Whether job-seekers are looking for a position as a mechanic, financial analyst, dispatcher, engineer or manager, the videos give them a good feel of the company's culture.

Dish Network's jobs page features four employees who literally step forward and invite visitors to learn about their jobs. (See <http://www.dishnetwork.jobs>.)

Increasingly, using video for internal communication and recruiting is essential to remain competitive. According to a recent Thomson Financial poll, nearly 80 percent of corporate and agency PR professionals use video as a communication tool.¹⁵

Deloitte sponsored a film festival that explored how employees feel about the firm. A panel of internal and external judges evaluated the 372 short videos entered in the contest based on how well they communicated "their Deloitte," effectiveness in attracting and retaining the best talent, and creativity. The judges selected 14 finalists, and employees chose the four winners, who received a trip or a cash prize. (To see the finalists, go to <http://youtube.com/user/DeloitteFilmFest>.) More than 2,000 employees participated in the video contest,

and by the time the four-month project ended, about 30,000 people had viewed and voted for their favorite entries. A survey revealed that 75 percent of respondents showed videos to friends and colleagues outside of the company. Since the festival, which took place in late 2007, the films have been used at internal meetings, new hire orientations and recruiting events.¹⁶

Employee referral programs are another effective way to communicate your company's employment brand, while at the same time identifying job candidates. Often, the best way to recruit qualified employees is through word of mouth and satisfied employees are the best messengers. Research demonstrates that word of mouth is at least twice as credible as advertisements.¹⁷

Another smart communication strategy is to let credible third-party organizations help you get your employer message out. Many companies apply for "best place to work" competitions, such as those sponsored by Fortune, Diversity Inc., Working Mother and other publications. Appearing on these lists lends credibility to a company's reputation as an employer of choice. Winners then leverage these awards by posting them on their websites, career pages and external advertisements. (See an example at <http://www.starbucks.com/aboutus/jobcenter.asp>.)

Finally, providing realistic, accurate and persuasive descriptions of job openings has ramifications beyond attracting candidates. CareerBuilder survey data revealed a strong relationship between the expectations respondents had when they accepted their current job and job satisfaction. More satisfied employees lead to greater engagement and more satisfied customers.

EVALUATING EFFECTIVENESS

What gets measured gets done. If you can't demonstrate the ROI of your employment branding efforts, they will fall to the bottom of the company's priority list. Below are metrics you may want to track to test the effectiveness of your employment brand:

Attraction:

- Number of job applicants per dollar spent advertising the job
- Quality of job applicants per dollar spent
- Candidate acceptance rate per dollar spent
- Aided and unaided awareness response rate
- Cost per hire
- Length of time to fill job openings

Retention:

- Turnover of new hires
- Turnover of veteran employees
- Employee satisfaction and engagement

In addition, CareerBuilder has developed metrics based on its vast database of job seekers to measure the effectiveness of online job advertising. The analysis quantifies the number of people who are exposed to the job posting; the percentage who convert to view the job description; the percentage who begin the job application process of those who viewed the description; and the total number of applications. This data helps companies determine the effectiveness of the job posting content and the employment brand.

CONCLUSION

A company's employment brand—the perceptions that employees and potential employees have about what it is like to work there—is a critical component of its ability to attract and retain talent. Increasingly, companies are actively managing their image and reputation as a place to work.

When it comes to attracting talent, the benefits of a strong employment brand are clear. New CareerBuilder research based on CareerBuilder data found that companies with a strong employment brand attract at least 3.5 times more applications per job posting than do other companies in the same industry.

Employers have a long way to go in better aligning expectations with the reality of what it's like to work at their company. A surprisingly high number of employees believe that their companies are not delivering on their employment promises, CareerBuilder found. Only 44 percent of survey respondents say their company matches their expectations. Asked whether they would recommend their employer to others, 67 percent of respondents say "no" or "not sure."

"Effective employment branding requires an ongoing commitment, but it is well worth the effort," noted Delaney. By investing in a rigorous, ongoing process to build their employment brand, companies can improve their ability to attract and retain the best talent, thus enhancing their competitiveness in both good and bad economic times.

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ENDNOTES

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- 17 AIRS and Human Capital Institute, "Building an Employment Brand that Attracts Top Talent: Putting Human Capital Management to Work" (2008).

ABOUT CAREERBUILDER

CareerBuilder is the global leader in human capital solutions, helping companies target and attract their most valuable asset – their people. Its online career site, CareerBuilder.com is the largest in the U.S. with more than 24 million unique visitors, 1 million jobs and 31 million+ resumes. CareerBuilder works with over 300,000 employers, providing resources for everything from employment branding and data analysis to talent acquisition. More than 9,000 Web sites, including 140 newspapers and broadband portals such as MSN and AOL, feature CareerBuilder's proprietary job search technology on their career sites. Owned by Gannett Co., Inc. (NYSE:GCI), Tribune Company, The McClatchy Company (NYSE:MNI) and Microsoft Corp. (Nasdaq: MSFT), CareerBuilder and its subsidiaries operate in the U.S., Europe, Canada and Asia. For more information about CareerBuilder solutions, please call: 1-877-FILL-A-JOB.

