The true costs of an unknown employer brand

Guide

TALENTED

Background

In the digital era, everyone gets exposed to different employer brands **all the time**. In order to catch the top talents' attention and to hire them, you need to stand out from your rivals. For that, you need a strong employer brand. Without a strong brand, you are more likely to fail to make quality hires, which will inevitably affect your bottom line.

This guide explains what makes or breaks employer brands, what the financial impacts of both an unknown and a well-known employer brands are, and lastly, how to start building your employer brand.

"Not only can your employer brand influence people when deciding whether or not to apply to your company, it can also have a tremendous impact on how costly it is to hire and retain them."

Employer Branding

In a nutshell, employer branding sits at the matrix of how your current and potential employees see your company as an employer and how well your company is promoted to prospective employees. These efforts can be summed up to three main steps:

- Develop your employer value proposition (EVP)
- Communicate EVP both inside and outside your organization
- Keep your employer brand's promise to your current and future employees

What makes or breaks employer brands

DIFFERENTIATION

Unique EVP is what makes brands to stand out. Great EVP also enhances employee commitment and retention.

REPUTATION

82% of job seekers consider an employer's brand and reputation before applying to a job. 69% of candidates are more likely to apply for roles at a company that actively manages their brand.

EMPLOYEE EXPERIENCE

Employer brand should mirror the actual employee experience and company culture. If there's a gap between the reality and what's represented, it can quickly lead to increased employee turnover and bad employer reviews.

The costs of being unknown

Being an unknown employer is costly. At worst, it can lead to a failure to meet growth targets, both in revenue and headcount.

A study shows that companies that don’t invest in employer branding could experience 3,5% of missed revenue growth and 2,5% less increase in profit margin.

BOTTOM LINE IMPACT

3,5%
Lost revenue growth

2,5%
Less increase in profit margin

TALENTADORE

REJECTION RATE

69%
of candidates reject a job offer from a company with bad employer brand

COMMITFORUM

MONEY LOSS

Organizations with weak employer brands need to pay
10%
higher salaries

HBR

Weak employer brands pay higher salaries

According to Harvard Business Review, organizations with weak employer brands need to pay 10% higher salaries to hire talent. However, that 10% raise would only tempt 28% of job seekers.

On the contrary, 67% of candidates would accept a lower salary if a company has good reputation.

Weak employer brands have higher recruitment costs

If your target group does not know you, your organization does not exist for your potential employees. This makes talent acquisition difficult, slow and costly.

- Few or no inbound applications
- Poor applicant quality
- More time spent in sourcing and convincing candidates
- Higher recruitment costs

“Companies with a weak employer brand report spending almost double on cost per hire than companies with a strong employer brand.”

LinkedIn

Brand strength affects job offer acceptance rate

Having an unknown or bad employer brand affects job offer acceptance rates. According to MRI Network study, 69% of candidates point to employer brand strength as a key component of the process when evaluating a job offer and their decisions regarding whether to accept it.

Furthermore, 69% of job seekers would not take a job with a company that has bad reputation, even if they were unemployed.

The benefits of a well-known employer brand

- Stand out from competitors
- Higher visibility and curiosity towards your organization
- More talents in the pipeline
- Save time and money in talent acquisition
- Motivate and retain existing employees better

MONEY SAVINGS

Strong employer brand reduces

employee turnover by

28%

and cost per hire by

43%

GLASSDOOR

QUALITY

Organizations investing in employer brand are

3X more likely to make quality hires

BRANDON HALL GROUP

QUANTITY

2.5X

more applicants per job

LINKEDIN

“Companies with strong employer brand see 50% more qualified applicants and take 1–2x faster to hire.”

LinkedIn

Employer branding matters

One of the biggest challenges in talent acquisition is persuading candidates that your organization is a great place to work. Investing in your employer brand is a sure-fire way to build trust and impact whether qualified candidates will decide to join your team or accept a competitor's offer instead.

Having a strong employer brand makes a significant difference in the number of incoming high quality applicants, job offer acceptance rate, cost per hire, and retention rate. It goes without saying that all this has a notable impact on the bottom line.

Steps to get started with employer branding

- Define your EVP
- Create Career pages on your website
- Produce the relevant career content for your target audience
- Set up recruitment campaigns
- Set up an employer brand communication plan
- Ensure that employee experience truly reflects what you communicate to potential employees
- Find what matters to your target group and adjust your cultural and fringe benefits offerings to meet the target talent group's needs and draw them in

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