

Whitepaper

Why Your Employer Brand Matters

The impact of company brand and employer brand on job consideration

Key Findings

1) A strong overall company brand certainly doesn't hurt in attracting top talent. Not surprisingly, the more a candidate knows about your brand, the more likely they are to be aware of your organization as an employer. And if their impression of your company brand is positive, they are quite likely to think of your organization as a good place to work.

2) Overall brand impacts job consideration, though not as much as you might think. Merely having a good impression of a company's brand might lead a candidate to think it's a good place to work, but it does not necessarily translate to genuine job consideration.

3) A strong employer brand – as indicated by an individual having a positive impression of your company as a place to work - is twice as likely to be linked to job consideration as a strong company brand. This provides a clear case for investment in employer brand, even for companies with well-known overall brands.

4) A strong employer brand is especially critical for attracting more junior employees, candidates from younger demographics, and those outside the US. Individual contributors and managers are almost three times as likely to associate employer brand with job consideration as those at director level and above. Professionals under 40 years old are 61 percent more likely to associate employer brand with job consideration. And outside of the US, the correlation between employer brand and job consideration is 37 percent stronger.

Background

In recent years, talent acquisition leaders have placed an increasing emphasis on employer brand. In the course of conducting research for LinkedIn clients, we observed how some prominent brands attract an overabundance of candidates. But several questions remained:

- How are overall company brand and employer brand linked?
- To what extent do company brand and employer brand drive job consideration by candidates?
- If a company has the luxury of a strong overall brand, is it really worth investing in employer brand to attract candidates?
- Does employer brand even matter?

This whitepaper summarizes the results of research conducted by LinkedIn's Hiring Solutions Insights team in March 2012. Our objective was to answer the above questions, by surveying 7,250 LinkedIn members worldwide. Respondents represented a wide variety of geographies, company sizes and experience levels and industries (see Study Methodology for more details).

Our survey asked professionals to provide their perceptions of various companies as follows:

Company Brand Questions

- a) How aware they were of a company's products and services ("Knowledge of Company Brand")
- b) Their impression of a company's products and services ("Impression of Company Brand")
- c) Likelihood to purchase company's products and services ("Purchase Intent")

Employer Brand Questions

- d) How aware they were of a company as a place to work ("Knowledge of Employer Brand")
- e) Their impression of a company as a place to work ("Impression of Employer Brand")
- f) Their likelihood to consider working at a given company ("Job Consideration")

We were interested in understanding how factors a) through e) related to the final factor, job consideration – a telling indicator of a company's effectiveness in attracting talent.

Introduction

Talent acquisition has undergone significant change in recent years, with a fundamental shift in the way that organizations source and engage with talent. "Posting and praying" continues to decline as forward-thinking organizations now proactively find and attract the best candidates, even those who aren't looking for new roles.

The lines between recruiting and marketing continue to blur, with the adoption of some recruiting strategies more commonly seen in marketing departments. At the center of these efforts is employer branding.

From analyzing employer brands for LinkedIn clients over time, we know some prominent brand names have an easier time attracting top candidates. However, most employers do not have the luxury of brand strength, and even those with a strong brand may struggle to recruit for certain functions, business units or geographies. So how do companies compete for top tier talent regardless of their overall brand position?

For most companies, investing in employer brand can be an effective way to attract and influence top tier talent. Though it may seem like the topic *du jour* among talent acquisition professionals, a strong employer brand can have a real impact on whether or not potential candidates are interested in working for your organization.

A strong overall company brand certainly doesn't hurt in attracting top talent

One of the many ways potential candidates learn about a company is through knowledge and experience of its products or services. Knowing what a company does is a part of the process which candidates use to determine whether or not a particular organization might be a good fit for them.

As figure 1 and figure 2 illustrate, there is clearly a very strong relationship between knowledge of a company brand and knowledge of it as an employer (figure 5 $R^2=0.9215$). There is also a reasonably strong relationship between impressions of a company's brand and impressions of it as an employer (Figure 6 $R^2=0.5529$). Simply put, the more people learn about a company in general, the more likely they are to learn about it as an employer; and any positive impression they develop towards its offerings impacts their perceptions of the company's employer brand.

Figure 1

Knowledge of Company Brand vs. Knowledge of Employer Brand

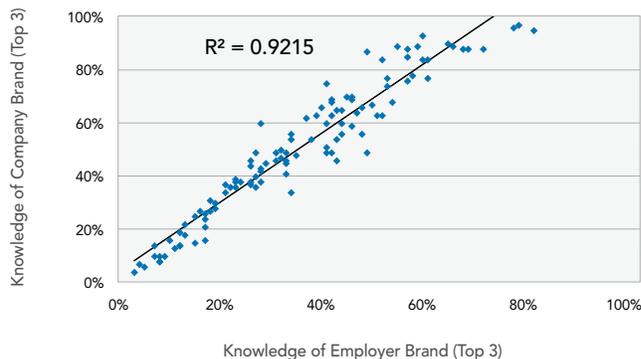
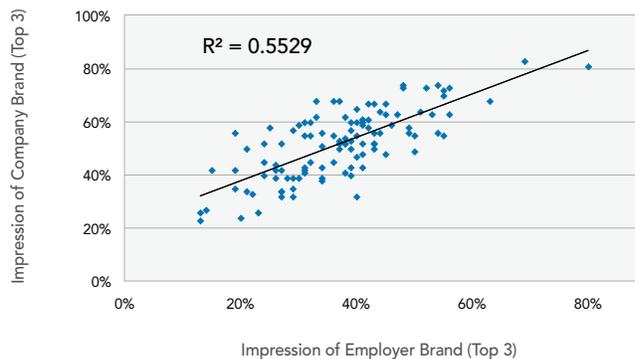


Figure 2

Impression of Company Brand vs. Impression of Employer Brand



A COMPANY'S EMPLOYER BRAND IS
TWICE AS LIKELY
TO DRIVE JOB CONSIDERATION AS
ITS COMPANY BRAND

Overall brand impacts job consideration, though not as much as employer brand

While there are certainly companies that can easily attract top talent on the basis of powerful overall brands, these companies are in the minority. How do most organizations compete? Our research shows that a company's employer brand is twice as likely to drive job consideration as its company brand. While both company brand (figure 3) and employer brand (figure 4) have a linear relationship with job consideration (company brand $R^2=0.2831$ and employer brand $R^2=0.5919$), it is clear that a company's employer brand is a much stronger predictor of interest in working at a particular company.

Companies that invest in their employer brand are therefore likely to see a more direct impact on their talent acquisition efforts.

Bottom line: for the majority of organizations, developing a strong employer brand can help level the playing field when it comes to acquiring talent.

Interestingly, while company brand may have some impact on job consideration, purchase intent does not. This indicates that potential employees do not have to be customers in order to be interested in working for your organization.

Employer brand is more important for audiences that are younger, more global, and more junior

Our research shows that focusing on employer brand is especially important for acquiring talent from the following audiences:

- **Individual Contributors & Managers:** ICs and Managers are 186 percent more likely than those at the Director Level or higher to have their job consideration levels associated with employer brand. In other words, employer brand is almost three times as likely to be tied to job consideration among this audience.
- **Younger Demographics:** Potential candidates under 40 years old are 61 percent more likely to have their job consideration levels associated with employer brand.
- **Professionals Outside the US:** Candidates outside the United States are 37 percent more likely to have their job consideration levels associated with employer brand.

As a result, if your talent pools depend on younger demographics, if you are growing globally and/or if you are hiring individual contributors and managers for your organization, investment in employer brand is an even more important consideration.

Figure 3
Impression of Company Brand vs. Job Consideration

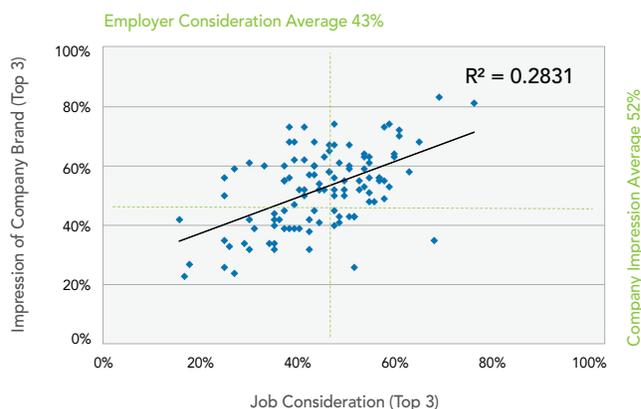


Figure 5
Impact of employer brand strength on cost per hire



INVESTING TO STRENGTHEN YOUR EMPLOYER BRAND SHOULD HELP

- 1) INCREASE CONSIDERATION OF YOUR COMPANY
- 2) LOWER RECRUITING COSTS, AND
- 3) DECREASE VOLUNTARY TURNOVER

Figure 4
Impression of Employer Brand vs. Job Consideration



Investment in employer brand drives savings in recruitment and retention

In previous research conducted with corporate recruiters, we determined that companies investing in their employment brand enjoy lower cost per hire (see figure 5) and lower employee turnover rates. <http://lnkd.in/eb>

Overall, companies with a weaker employer brand report a cost per hire that is almost double that of companies with a strong employer brand. When it comes to attracting talent, a strong employer brand therefore not only increases consideration, it is also a smart business investment.

Additionally, if an organization has a strong employer brand, especially one that resonates with current employees, it will also have a significantly lower turnover rate. Our research indicated that companies with a stronger employer brand have a 28 percent lower turnover rate than companies with a weaker employer brand.

In summary, investing to strengthen your employer brand, if done right, should help increase consideration of your company, lower recruiting costs, and decrease voluntary turnover.

Moving Forward

Given your organization’s employer brand is the strategic foundation of your recruitment messages, it’s worth spending the time to fully understand and develop that brand. The message needs to match the reality of the organization so that it rings true with both current employees (who have the potential to be your brand ambassadors) and potential employees.

***TIP:** Reach your target audience by creating Brand Ambassadors who will embody your Employee Value Proposition (EVP). Activity on the LinkedIn network shows that 61 percent of LinkedIn members who follow your organization are willing to be your brand ambassador and share your EVP with their networks.*

While your company brand may play a role in defining your employer brand, your company brand alone is not as likely to win you candidates. Even large, well-known companies cannot coast along on the strength of their overall brands. Ensuring that your employer brand expresses your culture, environment, values and strategic vision is important. Having a strong, differentiated and prominent employer brand will help you attract and retain top tier talent around the globe.

The first step to developing a winning employment brand is assessing your audience. Organizations need a strategic platform with a compelling message at its core. This message should be the result of a thoughtful research program which assesses target audiences, tests messages, and confirms the mediums in which talent pools consume employer information. Otherwise you might find yourself executing the same recruitment programs over and over again and with the same middling results.

Study Methodology

In March 2012, The LinkedIn Hiring Solutions Insights Team conducted 7,250 online surveys of LinkedIn members worldwide as part of the study. Respondents were randomly selected from the LinkedIn global network and represent a variety of geographies, company sizes and experience levels (see figures 6-9) and industries. The overall margin of error for the research is $\pm 1.15\%$ at the 95% confidence interval and is higher for subgroups.

Figure 6
Respondents by region

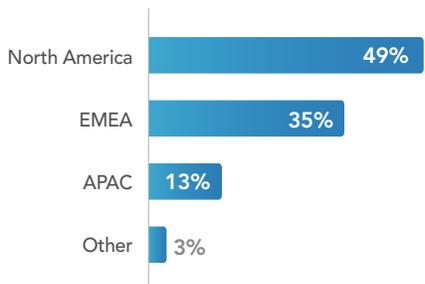


Figure 7
Respondents by title/role

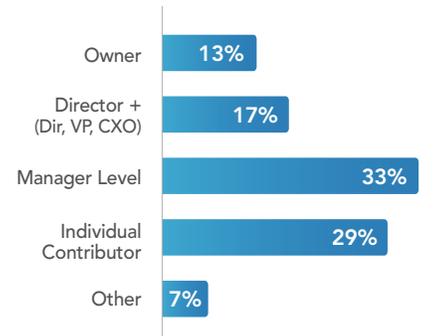


Figure 8
Respondents by age

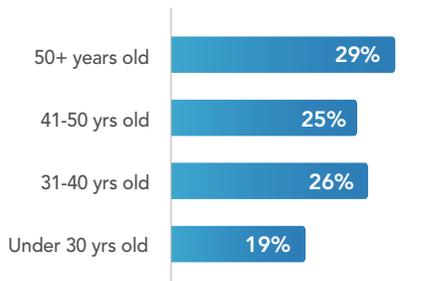
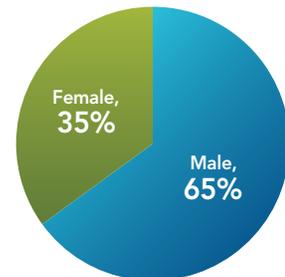


Figure 9
Respondents by gender



About LinkedIn

Founded in 2003, LinkedIn connects the world's professionals to make them more productive and successful. With 161 million members worldwide, including executives from every Fortune 500 company, LinkedIn is the world's largest professional network on the Internet. LinkedIn offers a full range of recruiting solutions to help organizations of all sizes find, engage and attract the best talent. For more details on our solutions, go to <http://talent.linkedin.com>

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