Employer Branding

How companies can gain a competitive advantage in recruitment

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Contents:

I. Introduction
II. Evolution of Employer Brands
III. How to Improve Employer Brand
IV. How to Measure Brand Success
V. Case Studies
VI. References



I. Introduction

Today's job seekers are "more sophisticated shoppers". Employers aiming to increase headcount will have to differentiate themselves from the competition in order to attract and retain talent.[1] One way to accomplish this is creating and developing a strong employer brand.

In 2014, CareerBuilder reported that businesses lose more than $14,000 on average for each position that remains vacant for three months or more.[2] This provides a clear incentive for companies to build a talent pipeline to quickly resolve hiring needs.

However, while 80 percent of talent leaders acknowledge employer brand has a significant impact on their ability to hire great talent, just 8 percent of the recruiting budget is broken out for branding.[3]

The purpose of this report is to demonstrate how to develop an impactful employer brand that influences talent acquisition results. It also illustrates how a company can measure the success of its brand once it is established. Finally, this report provides case studies of two companies who took distinct approaches to refining their brands.





II. Evolution of Employer Brands

Employer branding is defined as the package of psychological, economic, and functional benefits that potential employees associate with employment with a particular company.[4] The term "employer brand" was first defined in the mid-1990s. It denoted an organization's reputation as an employer, as opposed to its more general corporate brand reputation.

Building a strong employer brand did not become a major focus until the period between 2004 and 2008, when in response to the growing competition for talent, leading companies like Unilever, Shell and P&G began to apply the same effort and consistency to their employer branding as they applied to their corporate and consumer branding. This led to the development of an Employee Value Proposition, which defined the key benefits offered by the company as an employer, and the production of employer brand guidelines, which aimed to bring greater consistency to the company's recruitment advertising. Employer branding was predominantly outward facing and fell primarily under HR's responsibility.

Since this period, the rise of social media has made companies much more transparent. People are far more likely to trust a company based on what its employees have to say than on its recruitment advertising. This means that talent attraction relies far more heavily on employee engagement and advocacy.[5] Furthermore, the importance of employer branding from the perspective of executives is continuing to rise. 62 percent say employer branding is a top priority for 2016.[6]





III. How to Improve Employer Brand

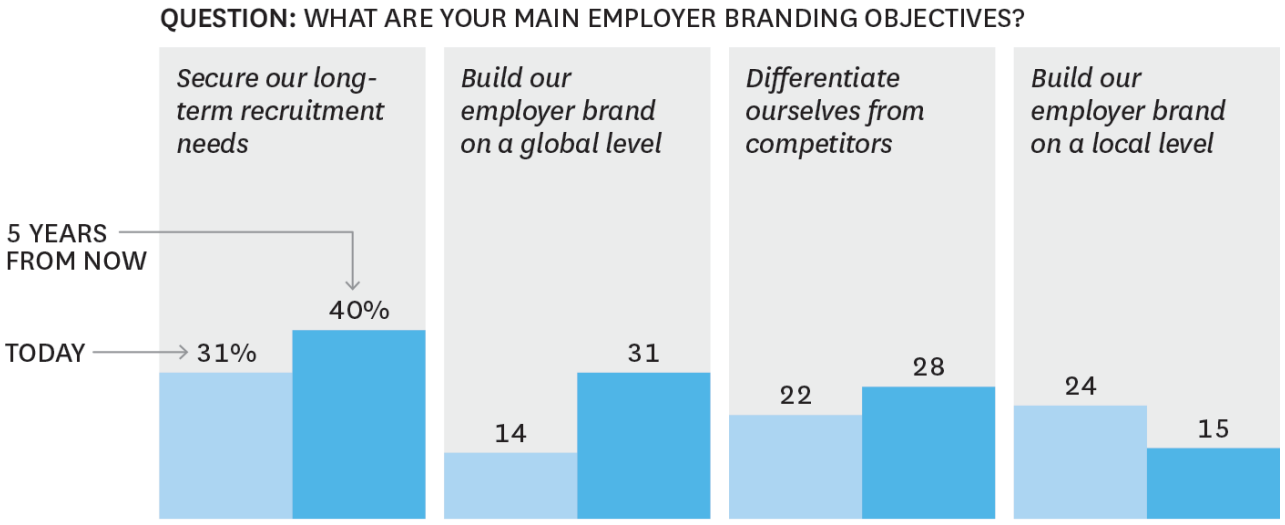
1. **Increase social media presence.** 57 percent of job seekers reported using social media to learn about employers.[7] Firms must have a presence on several social media platforms and develop innovative ways to frequently connect with the their target audience.[8] Social media recruitment differs from conventional recruitment in that it can also be used to attract passive candidates. Popular social media sites include: Facebook, LinkedIn, Twitter, Google groups and blog sites.[9] It is important companies take into account their target audience when creating a social media strategy. Companies like Ford and Delphi, for example, produce blogs to attract car fans, engineers and manufacturing workers who may want a career in the auto industry.[10]
2. **Promote collaboration between HR and marketing teams.** Creative advertising signals brand ability and enhances perceptions of reputation value offered by the brand to employees. Companies should consider how to pool resources from marketing and human resources in order to achieve the best impact of communication efforts.[11]
3. **Consider talent acquisition professionals' individual brands.** As recruiters are often the first impression candidates have of a company, they should work on their own professional brand to stand out from the pack and increase the chance of applicants replying. Recruiters should: be easily found on LinkedIn, Twitter, professional blogs etc.; appear friendly and approachable so applicants can begin to develop a relationship and come across as refined and professional.[12]
4. **Develop employee referral programs.** Word of mouth through referrals appears to be the most credible source of employer brand information.[4] Red Hat's employee referral program, called Red Hat Ambassadors, is a tiered reward system where eligible employees can receive cash bonuses and Red Hat-branded memorabilia for each new hire they attract. The program has resonated with employees, and today, more than half of all new Red Hat hires come in through employee referrals.[10]

(continued on page 6)

4. **Improve candidate experience.** Employers can improve their brand by creating a personalized, compelling candidate experience that converts a lead into a hire.[13] Companies are designing recruitment experiences that benefit candidates from start to finish—even in cases where they do not culminate in a job offer.[14] This can be achieved through revamping recruiters' interactions with candidates.[13] Recruiters should have an ongoing dialogue with candidates, and address any issues that candidates may have as promptly as possible. This is a leap from the traditional, often rigid sequence of mail or email communications, in which candidates are often left in the dark between various stages in the recruitment process.[14] Candidates should hear back from anyone who has met with them within three days.[15]
5. **Provide Video Interview Options.** Companies should also lower the barrier to contact with candidates currently employed elsewhere by providing video tools that allow them to complete parts of the interview process without missing work. Moreover, they should arrange for virtual interviews on the candidate's schedule in order to reach into geographically dispersed talent pools.[14]
6. **Invest in technology.** Companies should provide easy-to-navigate career sites with clearly displayed open roles where candidates can submit resumes.[14] Recruiters should go mobile with communication if this is the preferred method of the candidate, making use of real-time technology in information sharing and gathering. Companies should also "provide candidate- and employee-friendly tools," such as smartphone apps and human resources information system platforms.[15] For example, Goldman Sachs launched its "Make an Impact" app, designed to help candidates through the recruitment process from the early stages of researching the firm to preparing for their first interview.
7. **Support employer brand strategy at executive level.** In 2015, Harvard Business Review surveyed more than 2000 senior executives about their employer branding activities. 60% of the CEOs they surveyed said employer branding is the responsibility of the CEO. This is a strong indication that employer branding is expected to gain greater strategic importance.[5]

Employer Branding Is Becoming Strategically More Important

What CEOs and HR and marketing leaders expect it to do for the company by 2020.



SOURCE "2020 OUTLOOK: THE FUTURE OF EMPLOYER BRANDING," UNIVERSUM 2015 © HBR.ORG

IV. How to Measure Brand Success

Companies can review at the following metrics in assessing the success of an employer brand initiative. For most accurate results, companies should look at the metrics in the context of benchmarking with other organizations in the same industry and their own organization prior to the brand strategy implementation. While you cannot claim the data is based solely on the employer brand, a correlation can be demonstrated.

1. **Retention Rate:** Companies can track how many employees leave every year and what their average length of service is. They can use this information to determine if there are any identifiable trends or common characteristics in why employees are leaving.
2. **Employee Opinions:** Companies should analyze the results of their employee survey, and establish benchmarks to compare year-over-year results. Companies can also get a deeper assessment of employee opinion by holding focus groups, reviewing exit survey results, and conducting interviews with senior leadership and people managers.
3. **Number of Applicants:** Organizations can measure the volume of applicants who apply for jobs with their company. While it's good to see if there is an increase, it is does not take into account the quality of the applicants.
4. **Quality of Hire:** Measuring current average profit contribution per employee and benchmarking what top talent should contribute can measure quality of hire. Companies can also use pre- and post-hire performance objectives / assessments.
5. **Cost per Hire:** Organizations can add up the external and internal hiring costs and divide it by the total number of new hires. If the employer brand is operating effectively, the cost per hire should decrease.
6. **Brand Awareness:** Simply stated, this metric determines what percentage of the targeted group is familiar with the company.
7. **Employer Review Rankings:** Employers can evaluate their ratings on employer review sites (e.g., Glassdoor, CareerBliss, Simply Hired, etc.) as well as Best Places to Work lists to see how they rank against competitors in the same industry.
8. **Social Media:** Organizations should track social media metrics gathered from shared content intended to specifically promote an EVP attribute or differentiator. Track all of the traditional social media metrics (e.g., shares, likes, retweets, etc.) and see what content engages target audiences.
9. **Employee Referral:** If a company has a strong employer brand, then the number of employees who recommend and refer the company to their professional contacts and networks should increase.[16]

V. Case Studies

Dropbox

Dropbox, a cloud storage firm, corrected the misperception within the talent marketplace that it was only a business-to-consumer company through the development of a strong employer brand. As a mid-sized company with only 2,000 employees, Dropbox did not have the recruitment staff to talk to each potential candidate about its culture. Instead, Dropbox hired videographers to interview current employees and ask things like "How is your team innovating? How are you using this programming language to get those results?" These sorts of questions were intended to get employees to open up about the type of work they do, resulting in content that would be of much greater interest to candidates than simple platitudes would be. Dropbox also distributed these videos through social media, content platforms, SEO optimization, and encouraging existing employees to share the videos to their own networks. Dropbox was ultimately able to greatly increase the volume of applications it received from experienced candidates for the positions it was seeking to fill.[17]

Rolls-Royce

Rolls-Royce, one of the world's leading power systems companies, began to develop an active employer branding strategy in 2016. Rolls-Royce began by surveying how their employees feel about working for Rolls-Royce and auditing all of the ways they communicate to potential recruits. They sought to find out what differentiates them from their peers and whether their employees' experiences have lived up to their marketing. This research helped to shape the development of an ambitious branding strategy and multi-channel communications campaign. A key part of the campaign was current employees conveying in their own words what working for Rolls-Royce means to them. Rolls-Royce also developed a new recruitment marketing toolkit to ensure that messages are rolled out in a consistent way worldwide.

As Rolls-Royce looks to the future, its employer branding strategy focuses on building a community of followers within schools, universities and social media. As of February 2015, Rolls-Royce now has more than half a million Facebook followers and more than 170,000 LinkedIn followers. They track what followers are viewing to gauge what they're interested in. Moreover, Rolls-Royce works with schools and colleges to encourage young people to study and take up careers in science, technology, engineering and mathematics.

Rolls-Royce tracks success by measuring where they stand in the various favored engineering employer rankings. They also track what kinds of people are applying and if they are creating a more diverse workforce. Rolls-Royce's active branding strategy takes into account that however famous the name, you can't trade on it indefinitely. An active brand lets others see changes and innovations that are going on inside the business.[18]

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