

The Cost of a Bad Reputation

The impacts of
corporate reputation
on talent acquisition
October, 2016

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Executive Summary

Methodology: Telephone surveys with 1,001 people in North America in the fall of 2016 revealed the following attitudes about the impact of a company's reputation on willingness to accept a job offer.

- The impact of corporate reputation is significant on the employer brand.
 - Candidates remain reticent to join organizations that have a bad reputation, and among those willing to join, a significant pay increase is needed as enticement.
 - Alternatively, they can be tempted by a significantly lower lift in pay offered by a company with a good reputation than a bad reputation
- Gender has a financial impact on the decision to take a job with a company with a damaged reputation. In 2016, only 54% of females would leave their current employer, significantly lower than the 69% of males.
 - Further, females would require a 65% increase in pay, while males would require a 58% increase.
- The youngest, who tend to be the most junior workers are the least concerned about corporate reputation, while the more experienced workers are the least likely to take a job with a reputationally challenged company.
- As the national unemployment rate declines, the average pay increase needed to work for a company with a damaged reputation increases. There is an inverse relationship between the two variables.
- Nearly three-quarters (73%) feel it important to work for a company led by a CEO with those priorities include CR and/or Environmental issues

Implications

- With a low unemployment rate and high demand for many occupations, companies have to be more aware than ever of the impact of a bad reputation on their employer brand.
- Talent is often unwilling to consider an employment offer, and when they do it's for a premium over what companies with a good reputation can offer.
- Companies with bad reputations face increased recruiting costs due to the greater difficulty to source, offer and on-board new hires. This is particularly true when recruiting females and more experienced workers.
- Despite what's often reported, the youngest workers are the least concerned with reputation, as 73% of Millennials (18-34) are willing to take a job with a company with a damaged reputation. Companies with such reputations may have fewer obstacles in recruiting to this group if other needs like work environment, flexibility and advancement opportunity are met.
- The cost of recruiting and salaries added to any expenses associated with a reputation damaged by criminal acts or environmental scandals, in particular, can be disastrous to a company's bottom line. Conversely, companies with good reputations enjoy greater consideration among potential candidates, far lower costs to on-board those candidates and potentially greater retention among employees.
- For three-quarters of the greater talent pool, a CEO perceived to be active in CR and environmental issues impacts on recruiting. This reputation should be maximized when building the employer brand or against competitors whose reputations may be weaker.
- **Organizations suffering from a damaged reputation should expect greater cost, difficulty in attracting, and retaining talent than competitors with strong reputations.**

Companies with a Bad Reputation

Hypothetically speaking, what percentage pay increase would a company with a **bad reputation** have to give you in order for you to leave your current job?

Base: Employed

In 2016, 62% of those currently employed would leave their current employer to work with a company with a bad reputation, 5% points down from 2015. Males are much more likely than females to take the job, 69% vs. 54%, respectively.

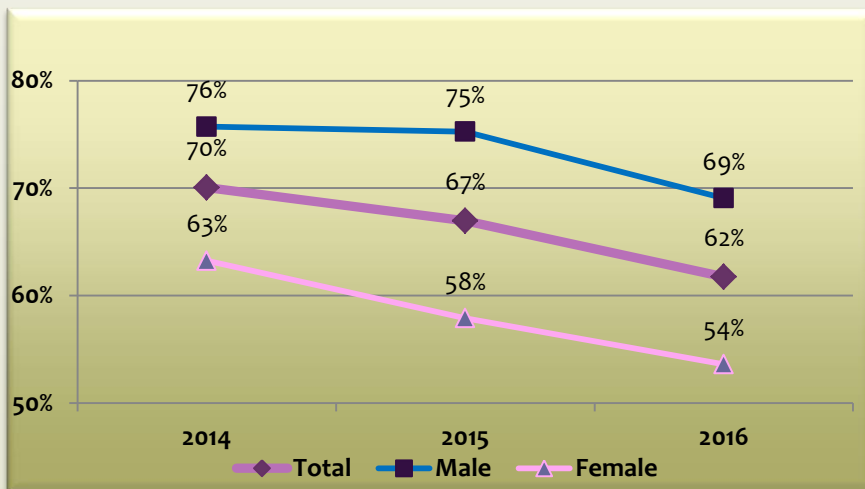
On average, candidates would require a pay increase of 61% to leave their current employer and take a job with a company with a bad reputation. Males would require a 58% pay increase, and females 65%. In total, nearly one-half (49%) would require more than a 50% increase in pay.

As the unemployment rate declines, the need for increased pay rises.

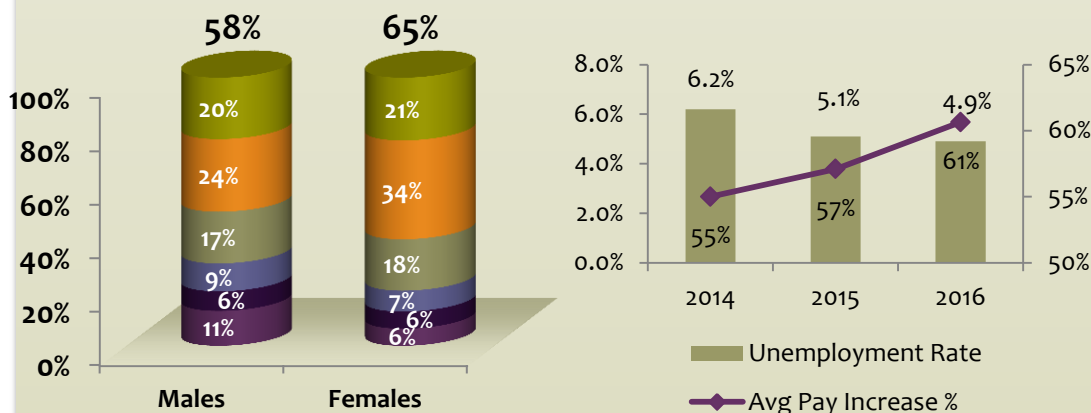
Age clearly plays a role in the decision to take a job. In 2016, 73% of those under 35 would take the job, while only 41% of those 65+ would take the job. Trends since 2012 consistently show that the older the worker, the less likely they are to accept the job.

In 2016, those households making \$75K or more were slightly less likely than those making less than \$75K to take the job, a reversal from prior years.

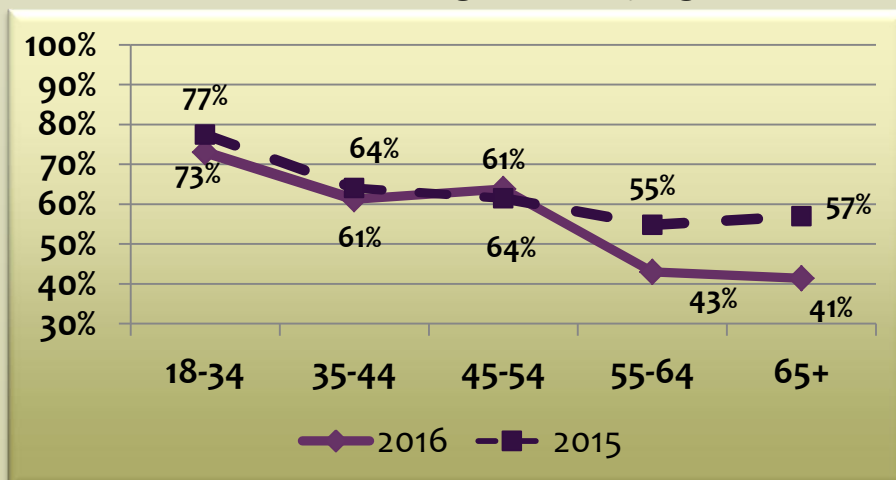
Would Take Job: 2014-2016



Average Pay Increase Needed in 2016



Would Take Job: Segmented by Age



Would Take Job: Segmented by Household Income

	Less than \$75K	More than \$75K
2016	64%	61%
2015	67%	73%
2014	70%	75%

Companies with a Good Reputation

Hypothetically speaking, what percentage pay increase would a company with a **good reputation** have to give you in order for you to leave your current job?

Base: Employed

In 2016, nearly all (91%) of those currently employed would leave their current employer to work with a company with a good reputation. Males are more likely than females to take the job, 97% vs. 86%, respectively. The increase likely reflects a low unemployment rate.

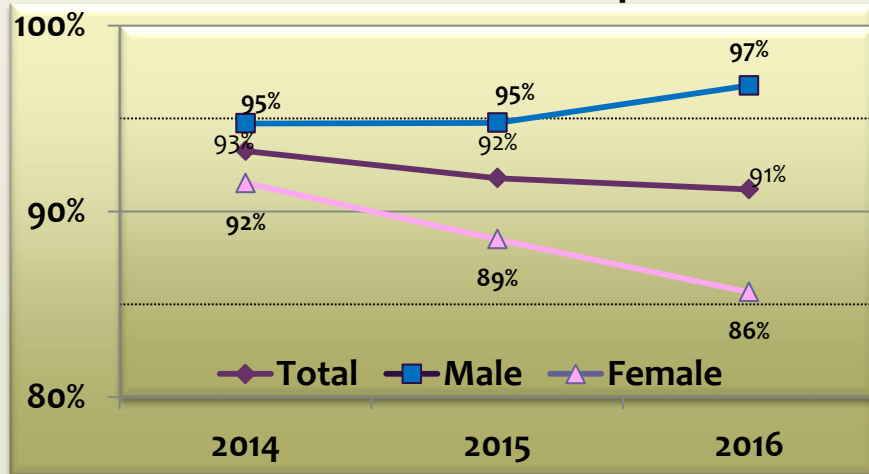
To leave their current employer and take a job to work with a company with a good reputation, males would require an average of a 40% pay increase while females would require less, 40%. In total, just over one quarter (27%) would require an increase of 50% or more.

The unemployment rate has little correlation with average pay needed.

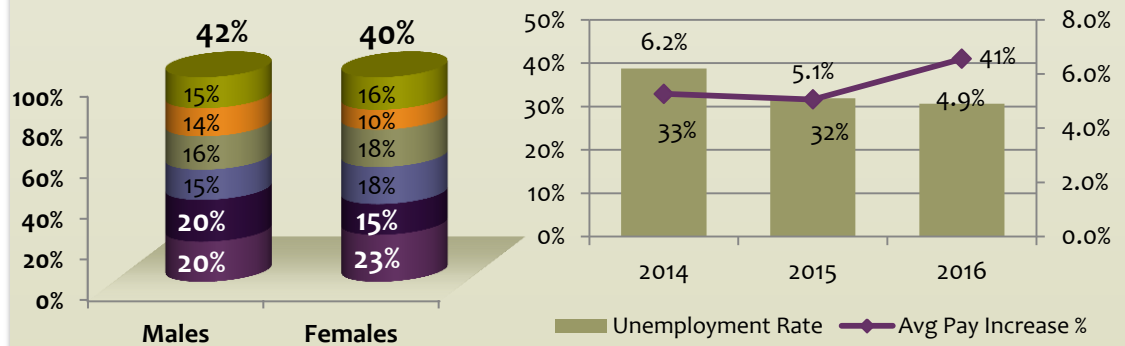
While there is a trend that suggests the youngest workers are most likely to leave, it's much less evident for companies with good reputations than bad. Overall, respondents are much more likely to take a job with a company with a good reputation across age groups.

There is little difference in likelihood to take the job and leave the current employer when segmenting by household income.

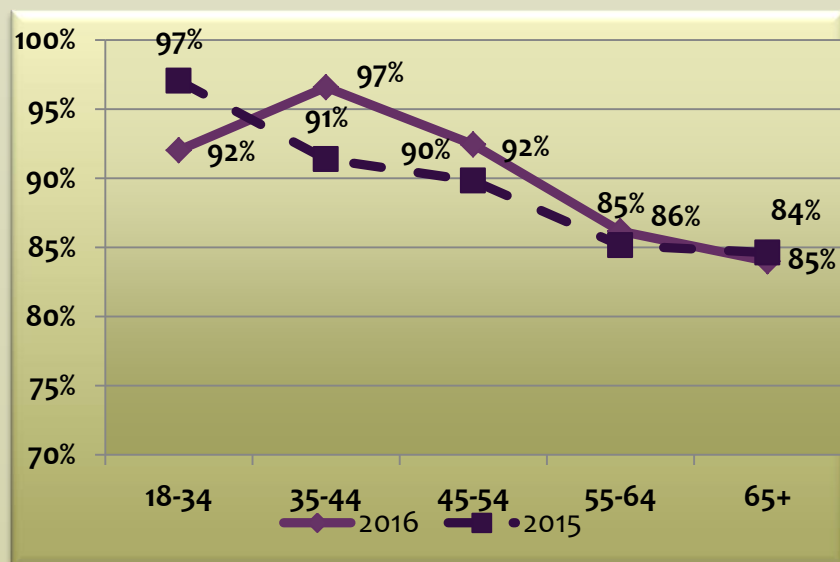
Would Take Job: 2014-2016



Average Pay Increase Needed in 2016



Would Take Job: Segmented by Age



Would Take Job: Segmented by Household Income

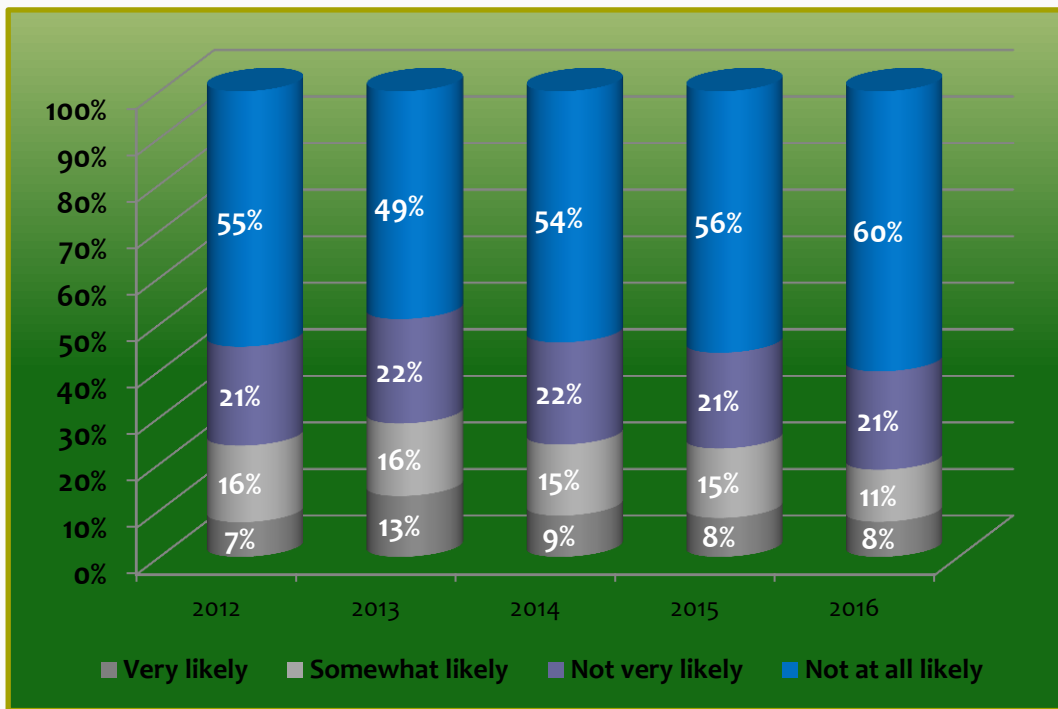
	Less than \$75K	More than \$75K
2016	93%	90%
2015	92%	92%
2014	92%	95%

81%

of people in 2016, if unemployed, are **unlikely to accept** a job offer from a company with a bad reputation, The highest number since the beginning of study.

Hypothetically speaking, if you were currently unemployed and were offered a job by a company with a bad **reputation** how likely would you be to accept the job anyway?

Base: All Respondents

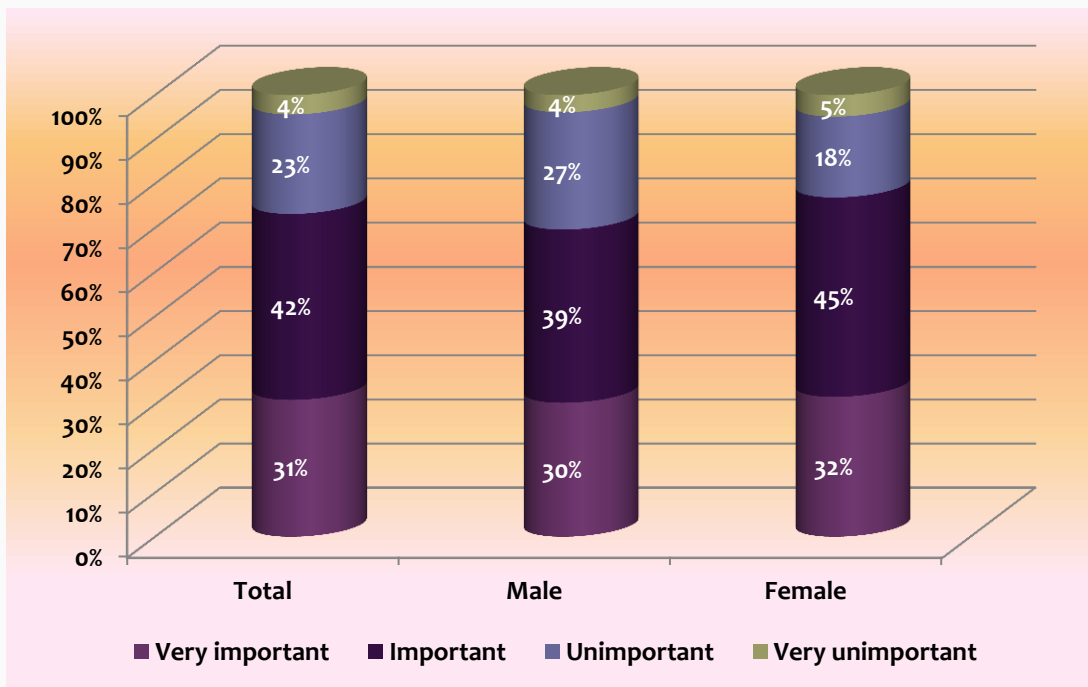


73% of feel it important to choose to work for a company whose CEO is involved in CR and/or environmental issues

Females are slightly more inclined to rate the issue as important than Males, 77% vs. 69%, respectively

Hypothetically speaking, how important would it be to you to choose to work for a company whose CEO is actively involved in corporate responsibility and/or environmental issues? Would you say...

Base: All respondents



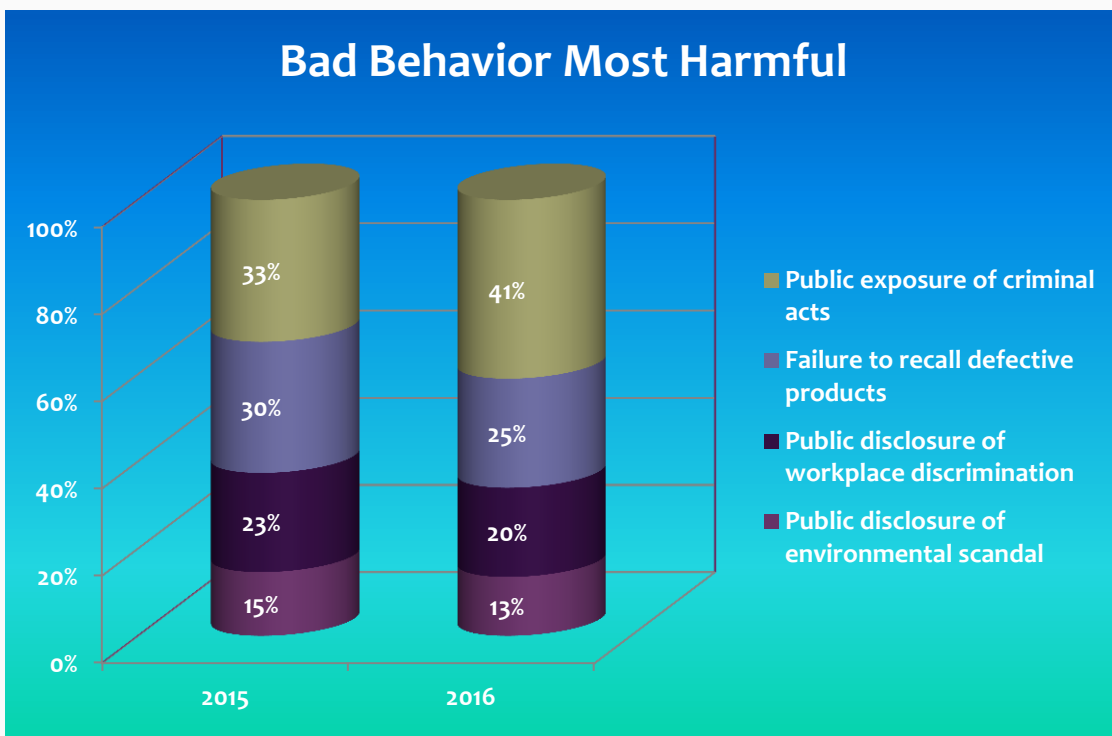
#1

The most harmful type of bad behavior to a company's culture and reputation is Public Exposure of Criminal Acts, cited by 41% of respondents.

Failure to recall defective products was cited nearly as often by 25% of respondents.

Which ONE of the following types of bad behavior is MOST harmful to a company's culture and reputation? Would you say...

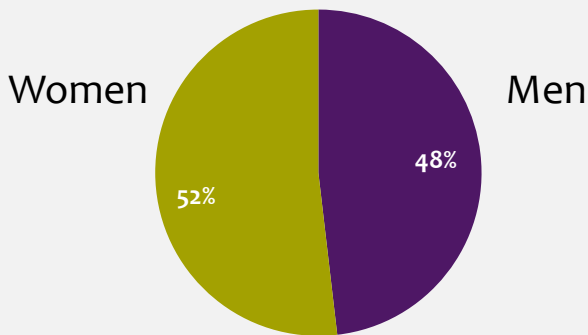
Base: All respondents



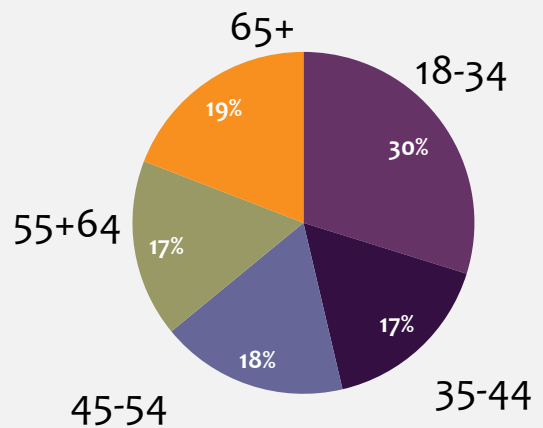
Research Demographics

1,001 telephone interviews

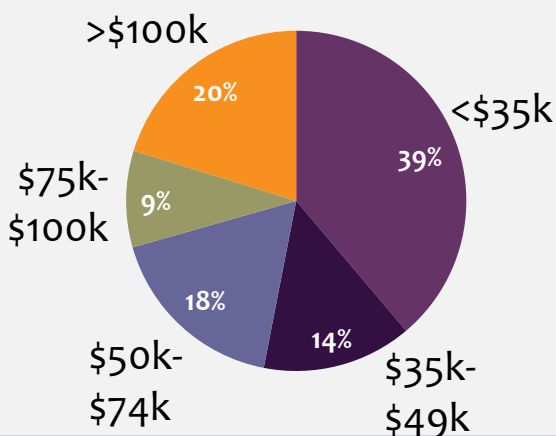
Gender



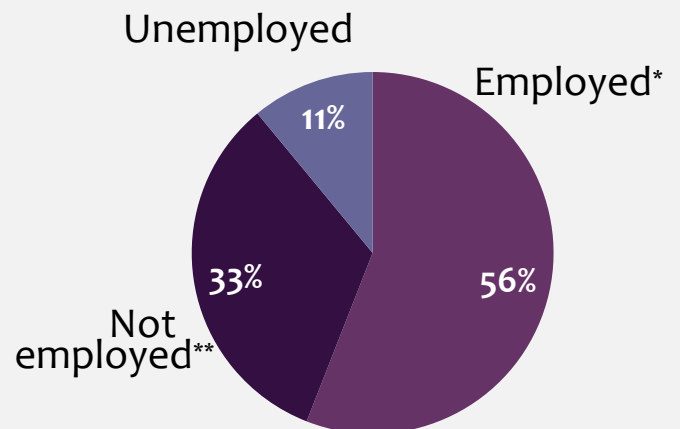
Age



Income



Employment Status



* Includes full-time, part-time and self-employed
** Includes homemaker, retired, student

About CR Magazine

CR Magazine is America's leading voice on corporate responsibility, providing case studies, analyzing best practices, and tracking trends in the five primary segments of CR: energy and the environment, risk management, governance and compliance, employee relations, and human rights. CR Magazine is also the publisher of the 100 Best Corporate Citizen's List, which has been ranked one of America's three most-important business rankings according to PR Week.

About Cielo

Cielo is the world's leading pure-play provider of global Recruitment Process Outsourcing (RPO) solutions. Cielo leverages its global reach, local talent acquisition expertise and customized solutions to help clients achieve a sustained advantage and outstanding business outcomes through their talent practices. Under its WE BECOME YOU™ philosophy, Cielo's dedicated recruitment teams primarily serve clients in the financial and business services, consumer brands, technology and media, engineering, life sciences and healthcare industries. Cielo knows talent is rising – and with it, an organization's opportunity to rise above.

For more information

In addition to the gender, age and income breakdowns delivered in this report, we can provide the following data cuts:

- Census division
- Census region
- Children: age of in household
- Children: number household
- City
- Education level
- Employment status
- Head of household status
- Marital status
- Number of adults in household
- Own/rent home
- Political party affiliation
- Race

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