

The Cost of a Bad Reputation

The impacts of
corporate reputation
on talent acquisition
October, 2015

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Executive Summary

Methodology: Telephone surveys with 1,012 people in North America in the fall of 2015 revealed the following attitudes about the impact of a company's reputation on willingness to accept a job offer.

- *Corporate reputation continues to have a significant impact on the attractiveness and expense of talent acquisition and retention.*
 - *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 2015, only 58% of females would leave their current employer, significantly lower than the 75% of males.*
 - *Both females and males would require a 57% increase in pay.*
- 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.*
- *Income has only a slight impact on job offer decision-making: Those with household incomes of more than \$75K are marginally more likely than those below \$75K to take a job with a company with a bad reputation in each of the last four years.*
 - *Nearly three-quarters (72%) feel it is important to work for a company led by a CEO whose priorities include CR and/or environmental issues.*

Implications

- *The implications of a bad reputation remain consistent year-over-year. 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.*
- *However, the youngest workers are the least concerned with reputation, as 77% of Millennials (18-34) are willing to take a job with a company that has a damaged reputation. Companies with such reputations may have fewer obstacles in recruiting to this group.*
- *While recruiting expense increases are in the millions of dollars, this great expense is literally dwarfed by the billions of salary cost differential. The cost of recruiting and salaries added to any expenses associated with a reputation damaged by discriminatory practices or environmental scandal, 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.*

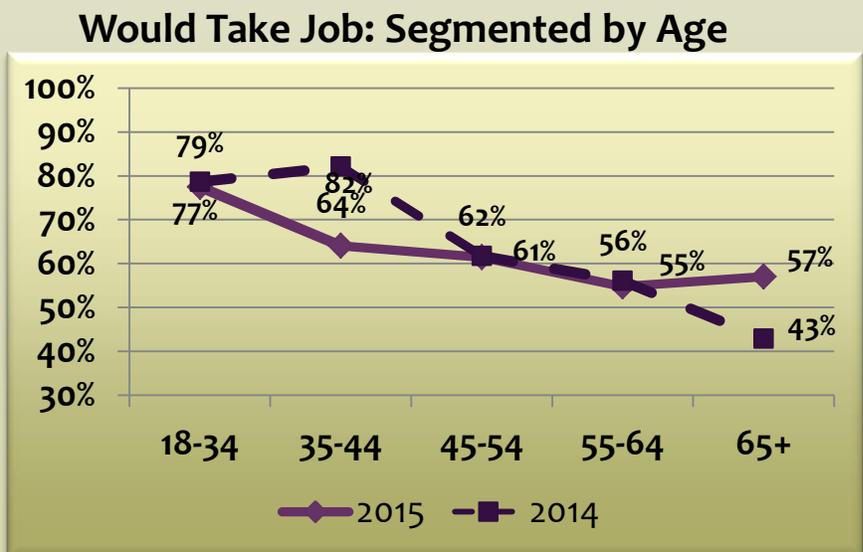
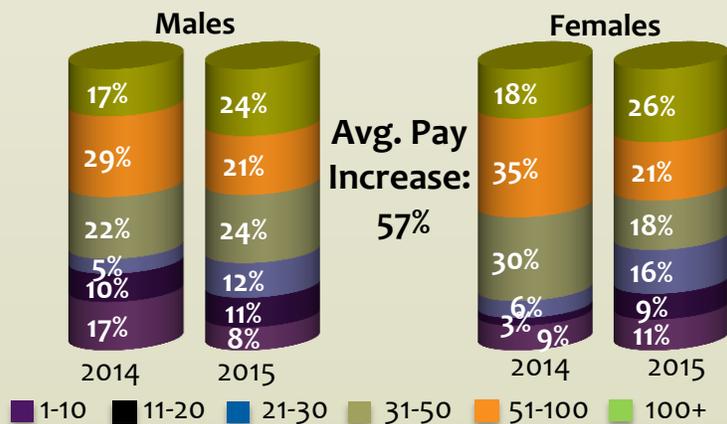
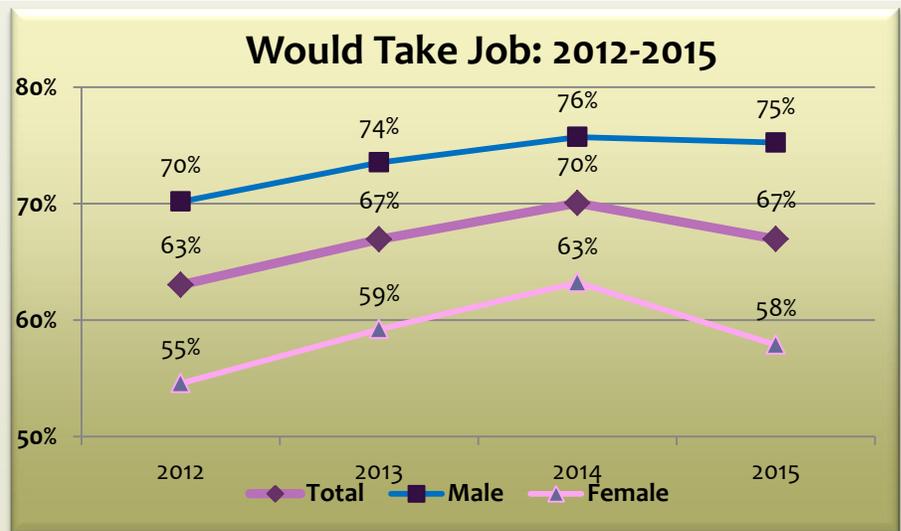
Organizations suffering from a damaged reputation should expect greater cost, difficulty in attracting, and retaining talent than competitors with strong reputations.

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 2015, 67% of those currently employed would leave their current employer to work with a company with a bad reputation, consistent with 2014. Males are much more likely than females to take the job, 75% vs. 58%, respectively.
- To leave their current employer and take a job with a company with a bad reputation, both males and females would require an average of a 57% pay increase. In total, nearly one-half (46%) would require more than a 50% increase in pay.
- Age clearly plays a role in the decision to take a job. In 2015, 77% of those under 35 would take the job, while only 57% 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 2015, those households making \$75K or more were somewhat more likely than those making less than \$75K to take the job, consistent since 2012.



Would Take Job: Segmented by Household Income

| | Less than \$75K | More than \$75K |
|------|-----------------|-----------------|
| 2015 | 67% | 74% |
| 2014 | 70% | 75% |
| 2013 | 67% | 70% |
| 2012 | 62% | 67% |

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?

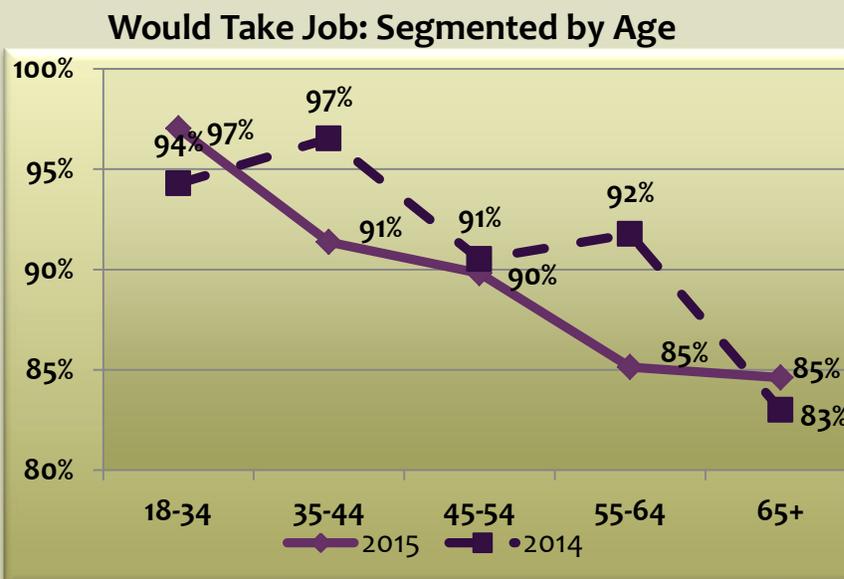
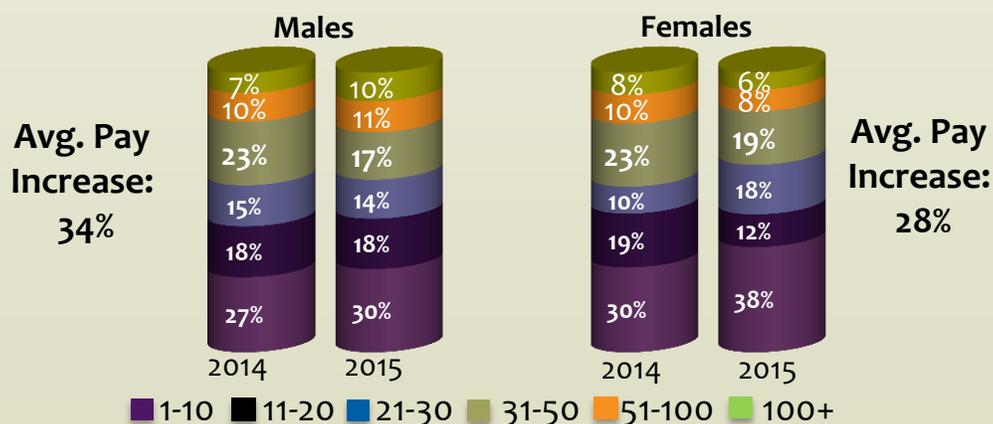
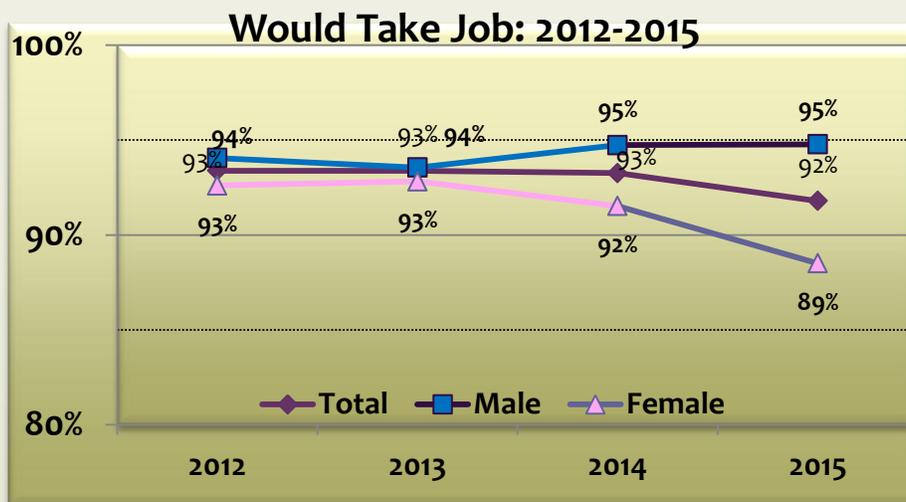
Base: Employed

In 2015, nearly all (92%) 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, 95% vs. 89%, respectively.

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 34% pay increase while females would require less, 28%. In total, only 18% would require an increase of 50% or more.

The trend that indicates that youngest workers are most likely to leave is also evident here, though the difference in 2015 is 11 percentage points between the 18-34 age group to 65+. Overall, respondents are much more likely to take a job with a company with a good reputation across age groups.

There is no difference in likelihood to take the job and leave the current employer when segmenting by household income.



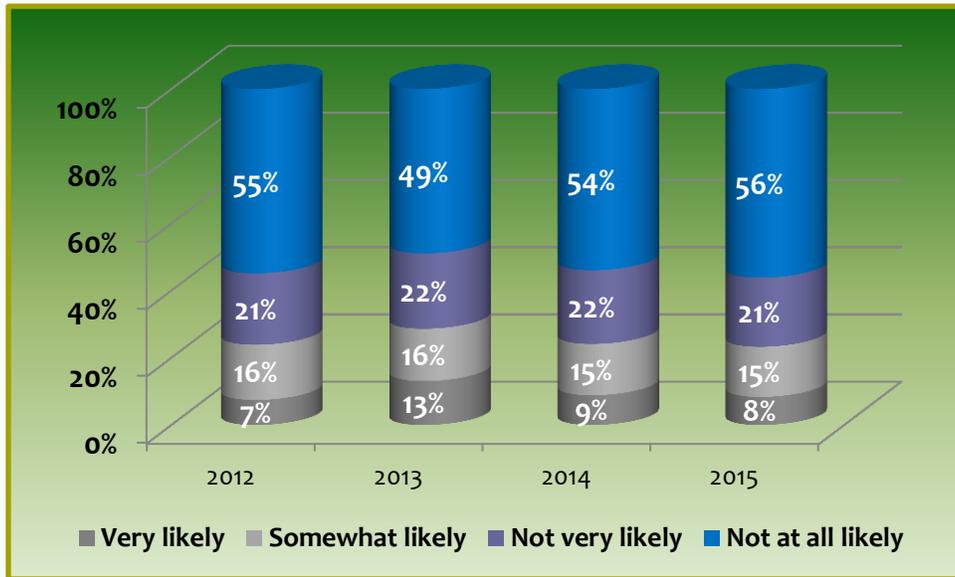
Would Take Job: Segmented by Household Income

| | Less than \$75K | More than \$75K |
|------|-----------------|-----------------|
| 2015 | 92% | 92% |
| 2014 | 92% | 95% |
| 2013 | 95% | 92% |
| 2012 | 94% | 93% |

77% of people in 2015, if unemployed, are **unlikely to accept** a job offer from a company with a bad reputation, consistent since 2012.

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

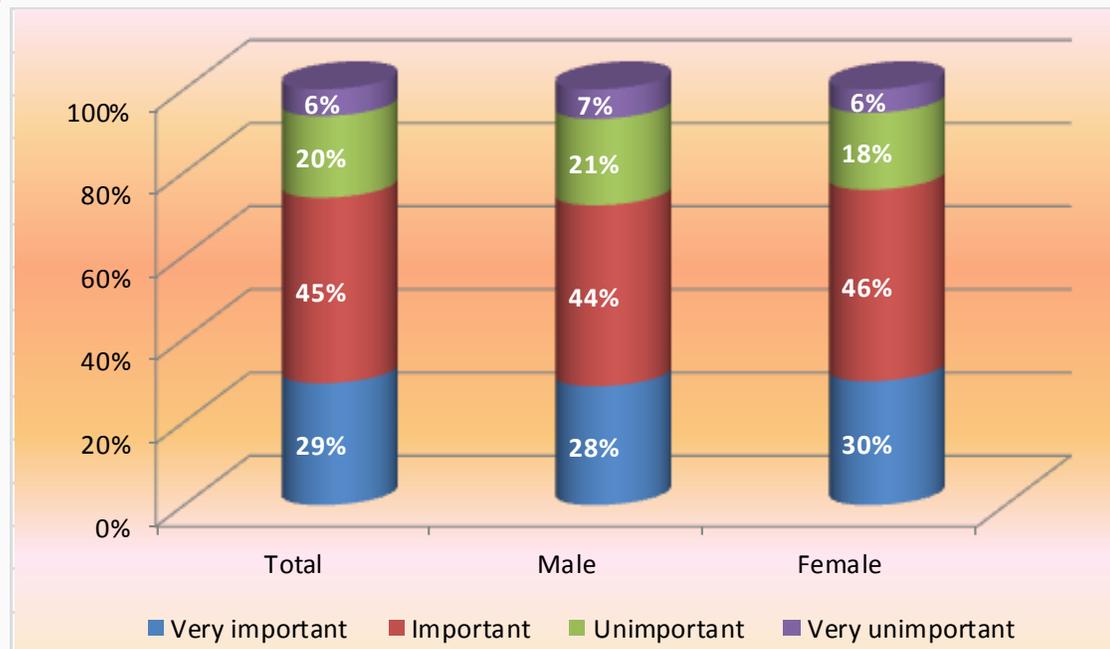


74% feel it important to choose to work for a company whose CEO is involved in CR and/or environmental issues

Females are slightly more inclined to rate the issue as important than males, 76% vs 72%, 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



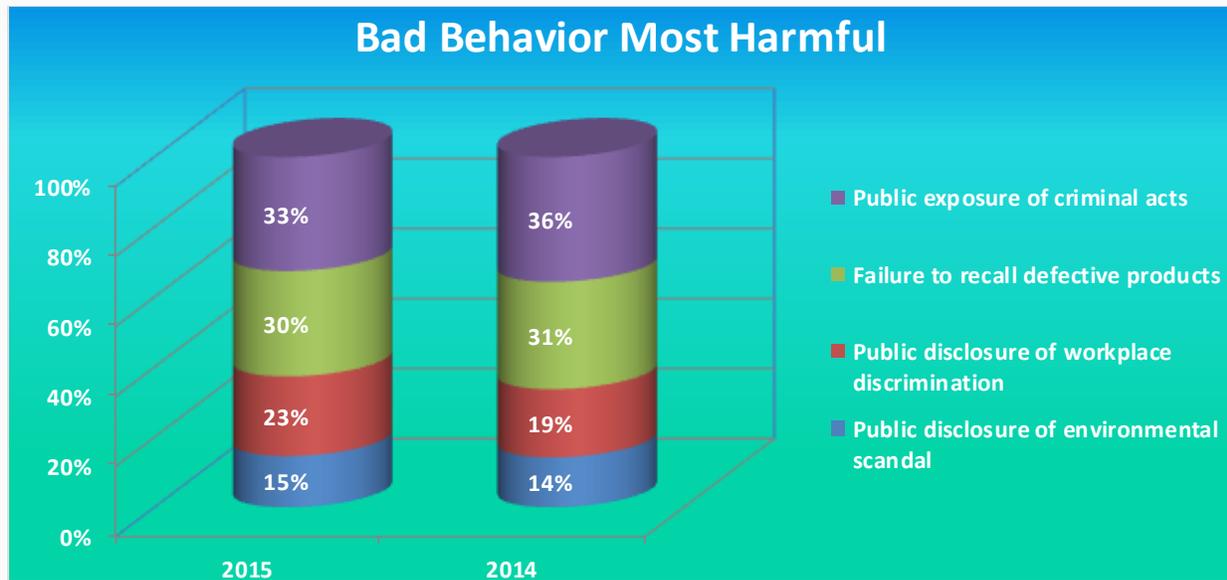
#1

The most harmful type of bad behavior to a company's culture and reputation is public exposure of criminal acts, cited by 33% of respondents.

Failure to recall defective products was cited nearly as often by 31% of respondents.

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

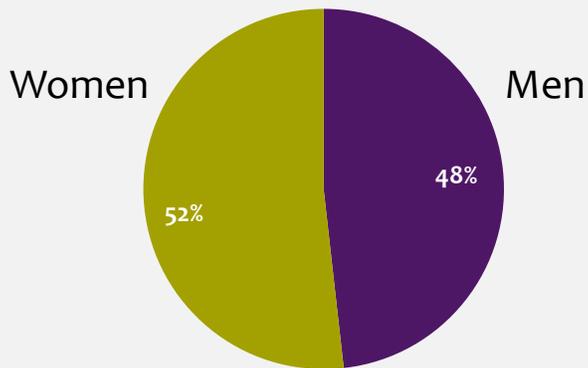
Base: All respondents



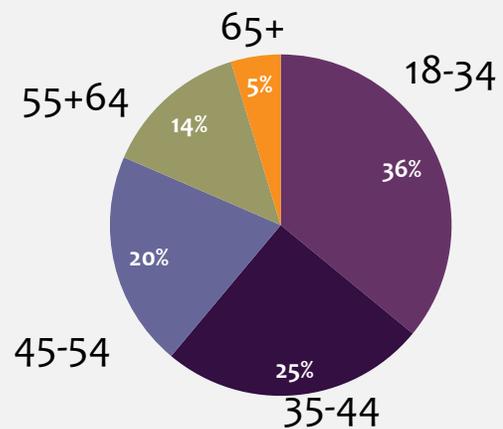
Research Demographics

1,012 telephone interviews

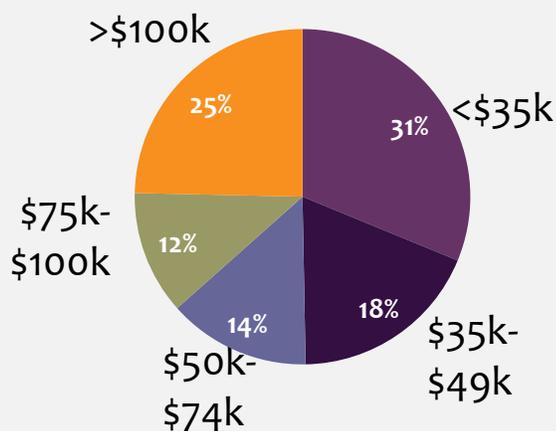
Gender



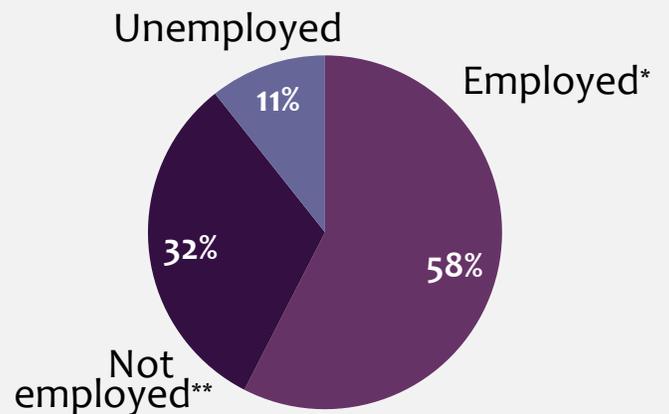
Age



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

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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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