THE PROVEN VALUE OF EMPLOYER BRAND
A new, independent academic study\(^1\) has recently been published using Glassdoor data. The study looks at online employee reviews, and the effect they have on employer brand perception, job seeker action and employee commitment. The research suggests a strong employer brand may be worth its weight in recruiting gold.

In this eBook, we’ll look at the study’s theory, methodology and conclusions — and provide actionable takeaways. We think the insights here can help employers **recruit the best talent in today’s tight market**.

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SECTION 1:
Overview of the Study
With sites like Glassdoor, it’s become enormously easy for job seekers to access the opinions of workers at any organization. The impact of online reviews by current or ex-employees on an organization’s recruitment activities, job seekers’ intentions and outsiders’ perceptions of a company has long been assumed, but prior to this academic study there was no hard data or empirical research to prove the role these insider reviews have on job seekers’ opinions on company image, worker satisfaction and recruitment activity.

Researchers at the University of Las Palmas de Gran Canaria in Spain had a hunch that online reviews had a significant effect on job seekers’ perceptions of a company, whether they would be more likely to apply, and how much salary they’d expect. They also believed online reviews by current and ex-employees might be more credible than sources of recruitment advertising or external validation like industry awards.
Study Methodology

The study was a true experiment, designed and conducted with all proper controls in place. The academic researchers pulled real positive, negative and neutral reviews of employers by current and ex-employees from Glassdoor’s site and showed them to 238 subjects. They then asked questions about the “HR image” (what we call “employer brand”) of the companies, and how that information affects job seeker behavior.

**OBJECTIVE**

The general objective of the study was to test if the new and unexplored conduct of posting online reviews constitutes a relevant behavior for human resource management.

**THE RESEARCHERS SET OUT TO TEST IF THESE REVIEWS WERE:**

- A significant factor in HR image **affecting job seeker behavior** and decisions
- A factor that **influences current employees’ perception** and attitudes
- **Reliable information source** about organizations

**AFTER SHOWING SUBJECTS POSITIVE, NEGATIVE AND NEUTRAL REVIEWS, THEY ASKED THE FOLLOWING QUESTIONS:**

- To what degree do you think this company is a **good place to work**?
- How interested would you be in **sending your resume** to this company?
- How much of a **salary premium** would you demand to go work at this company?
- What’s a **more reliable measure of employer brand**: employee opinions or external prizes and awards given to companies?
The Results

In every case, their findings were a powerful testimony to the value of Glassdoor’s core business model. Subjects shown positive online employee reviews of a company:

1. viewed those employers more positively
2. were significantly more likely to send in a resume
3. required lower salary increases for the same job

The last finding is what economists call a “negative compensating differential” — where employees are willing to work for a lower pay raise at a job they love. Interestingly, regardless of whether subjects were shown positive or negative company reviews, all participants in the study agreed that employee word-of-mouth (that is, crowd-sourced Glassdoor reviews) is a more reliable indicator of company HR culture than external prizes and awards.

Finally, the authors of the study concluded that given the **evidence that online reviews matter to job seekers**, companies should use sites like Glassdoor to provide information to job seekers, monitor their employer brand, and **respond to reviews**.
Now that research has proven that online employee reviews matter, what should companies do? As the authors of the study suggest, companies should manage their online presence on sites like Glassdoor.
Social media has spurred the creation of a “community manager” position in the field of marketing, so companies can be aware of what is being said about them online and act accordingly. In a similar manner, the human resources department of a company must also incorporate the internet, and — more specifically — employer review websites that allow companies to manage their image and respond to reviews of its activities.

Based on the findings of this academic research, it has been proven that it is in a company’s best interest to take the following steps:

1. Actively Cultivate Company Image Online.

If companies haven’t yet claimed their profile on Glassdoor, they should unlock their profile for free. With a free employer account, employers can add critical company details that savvy job seekers consider before applying for work at any company:

- Information about the number of employees, industry details, plus CEO name and title
- Company description, including company mission
- Updated company logo, plus photos that help convey brand, mission and culture at a glance
- Company benefits and perks
When employers notice negative online reviews, there are at least two actions they can take in response.

1. **Analyze what is happening in their workplaces** in order to solve any internal problems identified by the review.

2. **Directly address the content of the negative review** by responding on Glassdoor where the online review appears.

Glassdoor’s own data also shows that nearly **TWO-THIRDS OF GLASSDOOR USERS AGREE THEIR PERCEPTION OF A COMPANY IMPROVES after seeing an employer respond to a review.**

Source: 1 Glassdoor U.S. Site Survey, January 2016
Evangelize Positives Internally and Externally, While Learning from Negatives.

If reviews are positive, they can be shown to employees in order to reinforce an external image, which may influence their identification with the organization and improve their sense of belonging.

If reviews are negative, they may represent an opportunity for companies to understand and improve their HR practices, as well as to show that they care about the welfare of their staff.
SECTION 3:

Why Employer Branding Matters

These groundbreaking findings validate a widespread belief in the importance of your employer brand.
Strengthening employer brand has been a top priority for the most effective hiring organizations — and for good reason. Not only are these organizations a step ahead of their competition in attracting talent, they tend to be a step ahead in other key areas as well.

Research\(^1\) shows that organizations that prioritize employer brand are:

- **250% MORE LIKELY** to rate their overall talent acquisition efforts as highly effective
- **185% MORE LIKELY** to have at least a high-level talent acquisition strategy in place
- **130% MORE LIKELY** to see increases in employee engagement

Source: \(^1\) Brandon Hall Group, *Understanding the Impact of Employer Brand*, Research Brief, November 2014
The ROI of Employer Branding

Research¹ also shows that when an organization can track performance of employer branding initiatives, there’s a direct correlation to improved business outcomes, growth in leadership support, and the solidification of future success.

KEY PRACTICES THAT HIRING ORGANIZATIONS OF ANY SIZE OR SHAPE CAN USE TO DEMONSTRATE RETURN ON INVESTMENT (ROI) FOR EMPLOYER BRAND MANAGEMENT INCLUDE:

- **Examining real-life examples** of how leading organizations are measuring business impact of their recruitment marketing efforts
- **Presenting KPIs** most commonly used for evaluating performance
- **Identifying the most effective ways** to implement measurement strategies

Source: ¹ Brandon Hall Group, *Understanding the Impact of Employer Brand*, Research Brief, November 2014
Ubiquitous and universal online access to reviews of what it’s like to work for a company can at first seem like a dilemma. But research has proven that by taking just a few simple steps to manage company reputation, the upside is vast. Both positive and negative reviews present a chance for companies to shape the way people perceive their organization, which leads to proven benefits that impact both recruitment and retention for the better.
About Glassdoor
With millions of company reviews, salary reports, interview reviews and benefits reviews on more than 600,000 companies worldwide, Glassdoor is a trusted and transparent place for today’s candidates to search for jobs and research companies. Glassdoor helps employers across all industries and sizes advertise their jobs and promote their employer brands to a well-researched, highly selective candidate pool. By advertising jobs via mobile devices, email alerts and throughout Glassdoor, employers influence candidates at the moment they’re making decisions. This results in twice the applicant quality at a fraction of the cost.

The Proven Value of Employer Brand