

# The Cost of a Bad Reputation

The impacts of  
corporate reputation  
on talent acquisition  
October 2014

# Executive Summary

Methodology: Telephone surveys with 1,014 people in North America in the fall of 2014 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 are 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 at a company with a damaged reputation. In 2014, only 63% of females would leave their current employer, significantly lower than the 76% of males.
    - Further, females would require a 60% increase in pay, while males would require a 53% increase.
- The youngest, and 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 impact on job offer decision-making: Those with household incomes of more than \$75K have been more likely than those below \$75K to take a job in each of the last three years.
  - Nearly three-quarters (72%) feel it important to work for a company led by a CEO with those priorities include CR and/or environmental issues.

# Implications

- 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 82% 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 an environmental scandal, for example, can be disastrous to a company's bottom line.
- Companies with good reputations enjoy greater consideration among potential candidates, far lower costs to on-board those candidates and potentially greater retention among employees.
- A CEO perceived to be active in CR and environmental issues has impact on recruiting. This reputation should be maximized when building the employer brand or against competitors whose reputations may be weaker.
- For those organizations suffering from a damaged reputation, understand the impacts of specific talent pools – the cost and acquisition/retention issues – and develop plans to mitigate loss of high performers to 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?

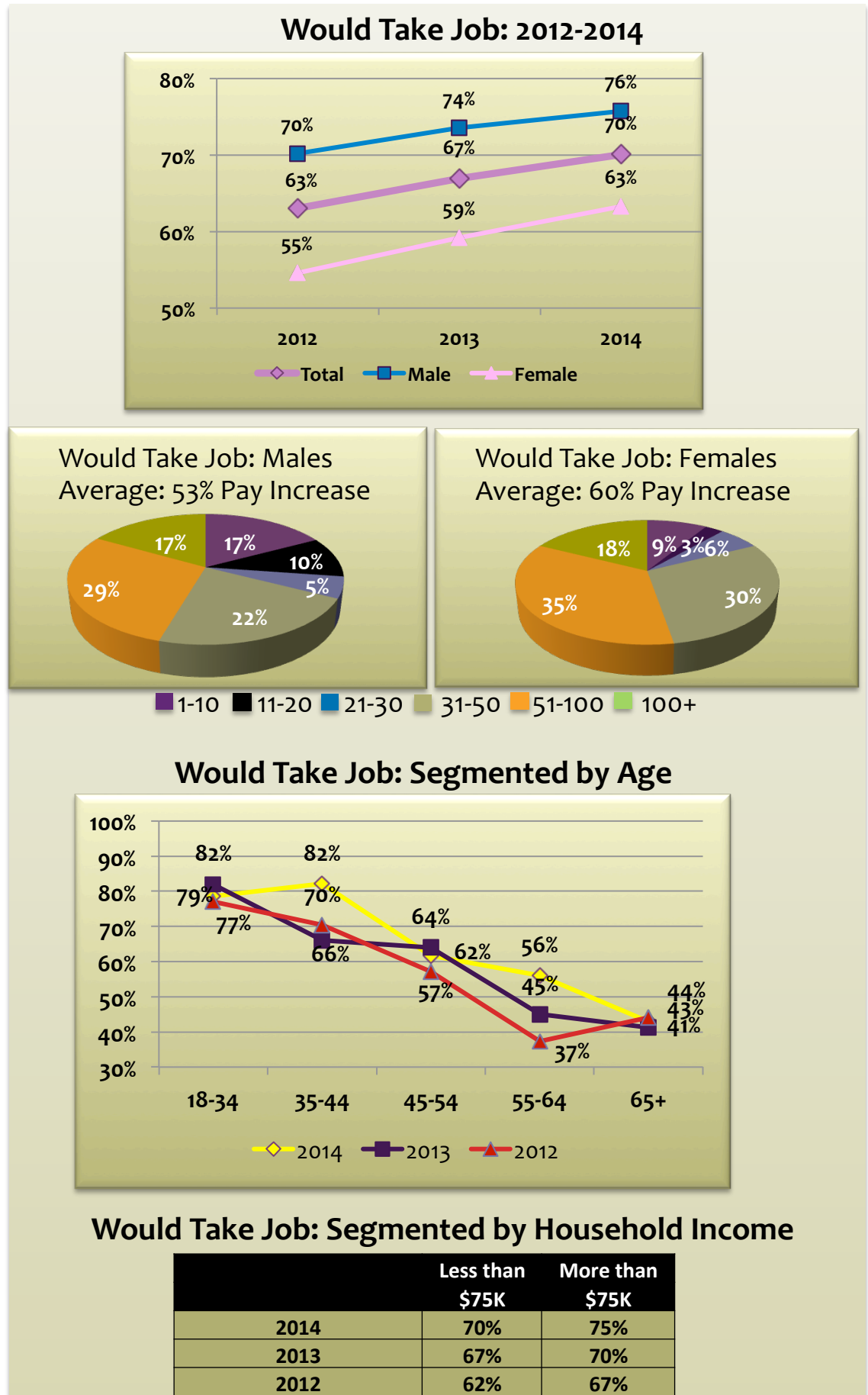
Base: Employed

In 2014, 70% of those currently employed would leave their current employer to work with a company with a bad reputation, up from 63% in 2012. Males are much more likely than females to take the job, 76% vs. 70%, respectively.

To leave their current employer and take a job with a bad reputation, males would require an average of a 53% pay increase, and females a 60%. In total, nearly one-half (48%) would require more than a 50% increase in pay.

Age clearly plays a role in the decision to take a job. In 2014, 79% of those under 35 would take the job, while only 43% of those 65+ would take the job. The older the worker, the less likely they are to accept the job for all three years of the study.

In 2014, those households making \$75K or more were more likely than those making less than \$75K to take the job. This trend has been consistent since 2012.



# 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?

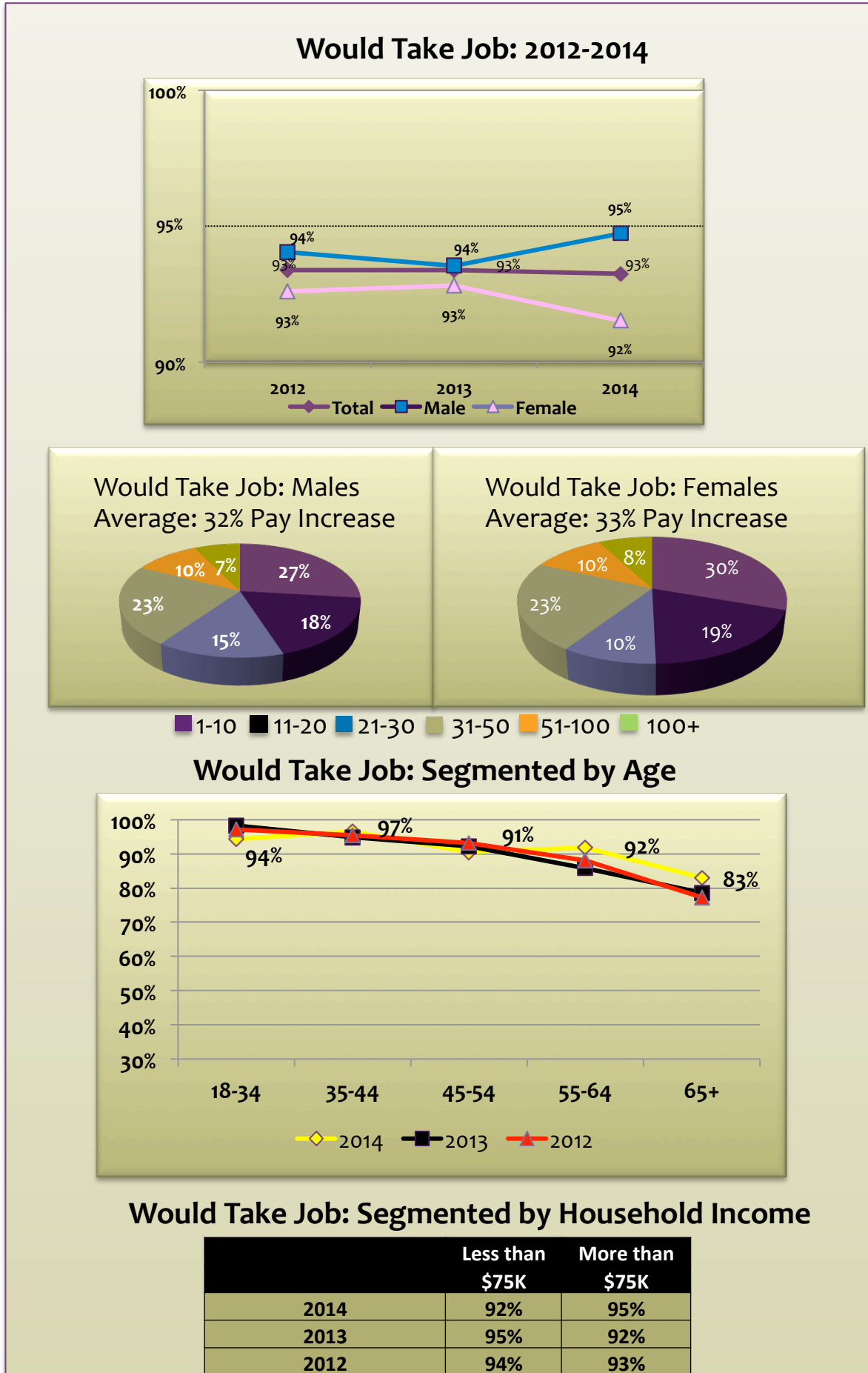
Base: Employed

➤ In 2014, nearly all (93%) of those currently employed would leave their current employer to work with a company with a good reputation. Males are slightly more likely than females to take the job, 95% vs. 92%, respectively.

➤ To leave their current employer and take a job to work with a company with a good reputation, both males and females would require an average of about a 33% pay increase. Only 18% would require an increase of 50% or more.

➤ While again there is a moderate trend that suggests the youngest workers are most likely to leave, it's much less evident for companies with good reputations than bad.

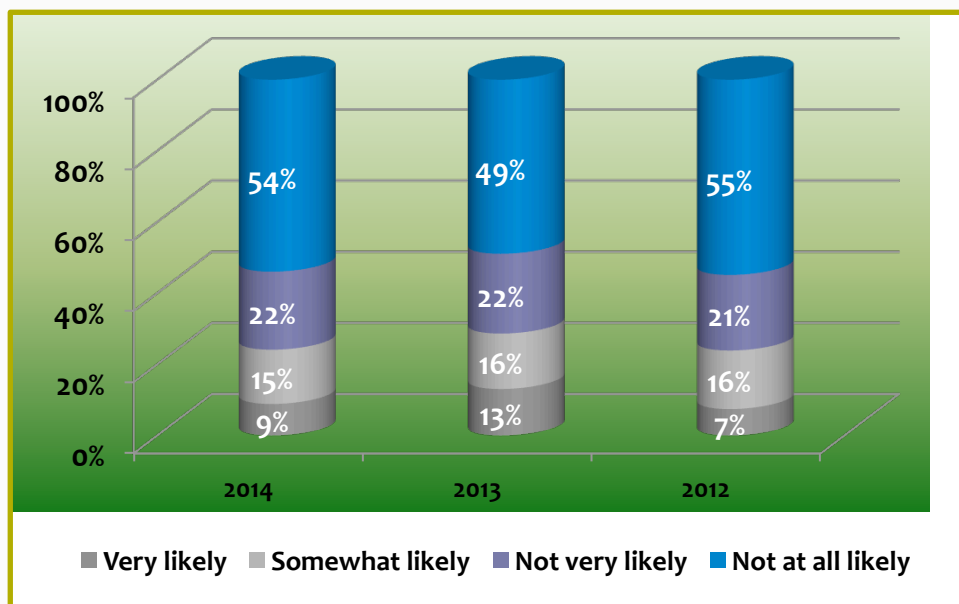
➤ There is no difference in likelihood to take the job and leave the current employer when segmenting by household income.



76% of people in 2014, if unemployed, are **unlikely to accept** a job offer from a company with a bad reputation, the same as it was in 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

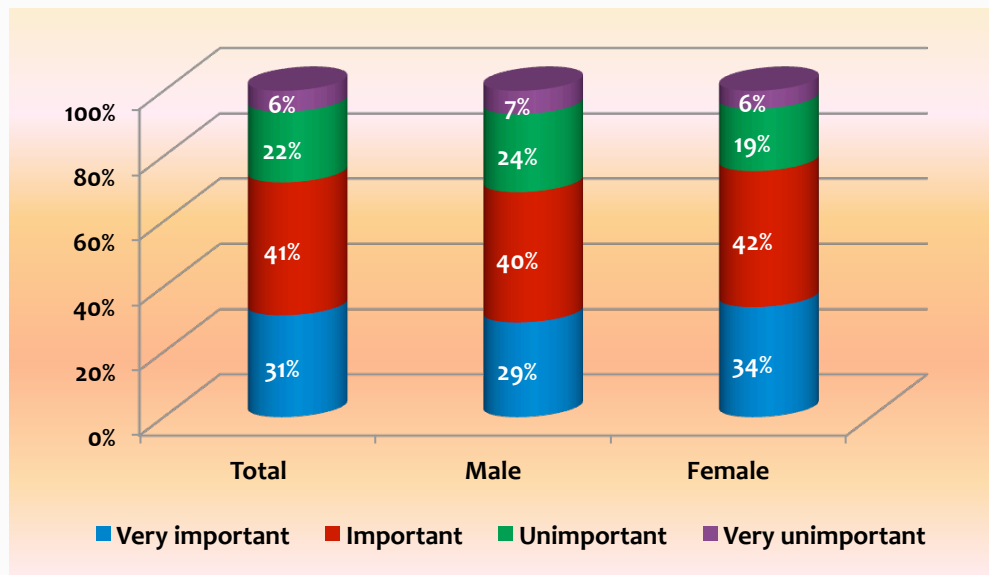


**72%** feel it is important to choose to work for a company whose CEO is involved in CR and/or environmental issues

Females feel it important even more important than Males, 75% 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



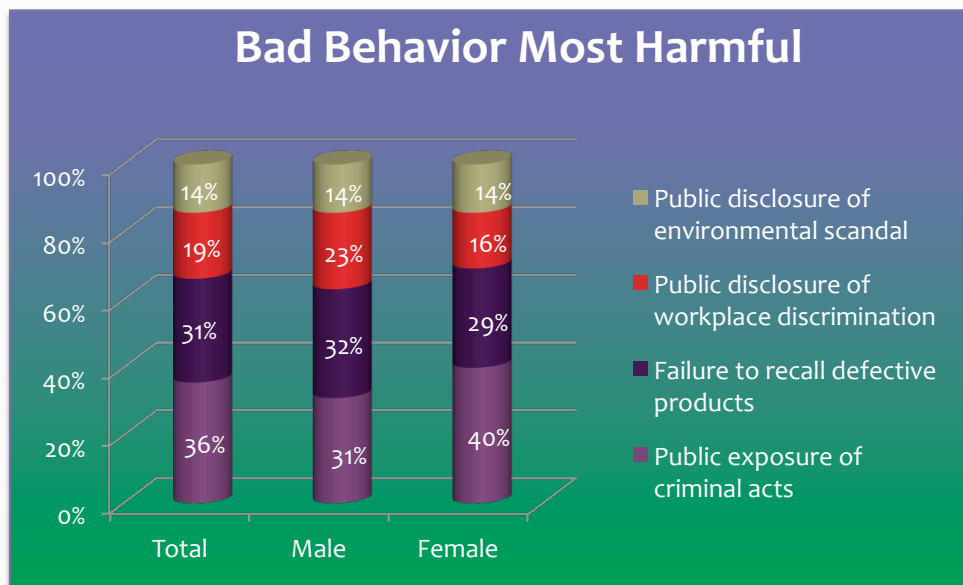
# #1

The most harmful type of bad behavior to a company's culture and reputation is Public Exposure of Criminal Acts, cited by 36% of respondents.

Failure to recall defective products was cited nearly as often, cited 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

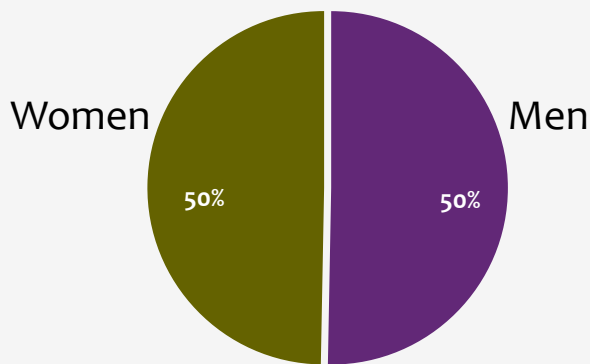




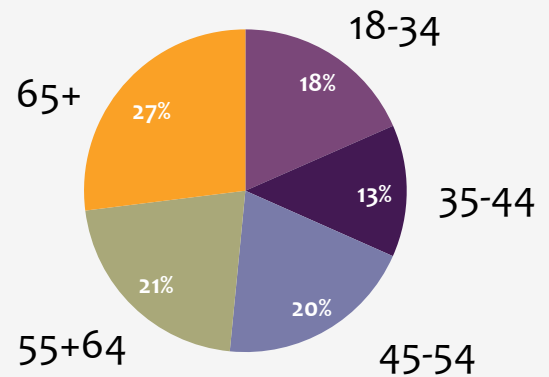
# Research Demographics

**1,014** telephone interviews

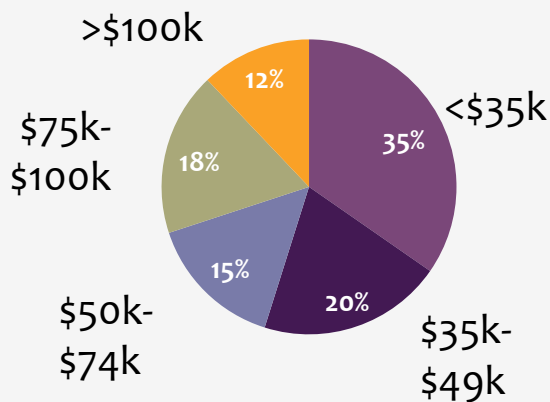
## Gender



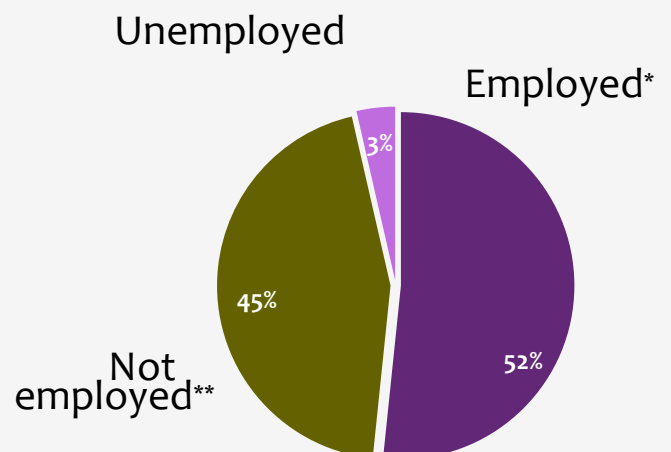
## Age



## 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 Alexander Mann Solutions

Alexander Mann Solutions is the world's leading provider of talent acquisition and management services. It integrates outsourcing capability and consulting expertise to enable organizations to attract, engage and retain top talent. Working with over 65 outsourcing clients and consulting to hundreds more, Alexander Mann Solutions employs over 2,400 people and acts as a trusted adviser across multiple industry sectors in over 82 countries.

Alexander Mann Solutions' work is all about people – doing the best by its employees, clients and candidates is central to the firm's philosophy that people are the foundation for success.

For more information please visit

[www.alexandermansolutions.com](http://www.alexandermansolutions.com)

## 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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