the muse

Whitepaper:

Why Your Company Reputation Matters During Times of Economic Uncertainty

Economic Downturn & the Labor Market

It's hard to miss the effects of an economic downturn. Employer or employee, producer or consumer, entrepreneur or corporate denizen – there are few folks, if any, who are fully shielded from the seismic effects of negative market dynamics. And it is in these moments of general uncertainty that companies become brands with the unique opportunity of establishing themselves as a positive force in their employees' lives – both current and future.

Attracting talent remains as important as ever, but has become demonstrably more difficult as employees switch jobs, start their own businesses, or leave the workforce altogether at higher rates than in pre-pandemic levels.

In the U.S. alone, for example, data from the U.S. Bureau of Labor Statistics shows that at the end of May 2022 there were **11.3 million open jobs available, up over 20% from April 2021.**

Employers are trying desperately to fill these roles, but even still, employees are quitting at a rate that is **25% higher than pre-COVID-19 times,** per BLS data.

So how did we get here?

A Novel Environment

In the wake of the COVID-19 pandemic came what is now known as the Great Resignation. In 2021, a whopping **40% of employees said that they were planning to leave their jobs in the next three to six months.** And for all intents and purposes for these employees, opportunities still seemed relatively rosy. After a brief dip in 2020, the economy hummed along seemingly better than ever in 2021, presenting plenty of chances and, indeed, incentives for employees to find new employment.

But then 2022 happened.

The economy took a sharp downturn, with markets plummeting into bear territory and economists warning of a potential recession. Inflation skyrocketed globally, and in response, governments across the world implemented record interest rate hikes. And yet, despite all these changes, the share of workers who plan to leave their jobs in 2022 remains the same. Two out of five employees in McKinsey’s global sample still say they are planning to leave in the next quarter or two.

A Novel Environment *(Continued)*

Employees are, simply put, taking control of their own futures.

48% of folks leaving jobs are going not only to different employers, but entirely different industries, McKinsey data suggests.

Many are also leaving for non-traditional work, which includes temporary, gig, or part-time roles, or pursuing entrepreneurship. And perhaps most startling of all, many folks who leave their current positions are not necessarily leaving for better jobs, or even another job – instead, they're prioritizing the needs of their families, their friends, and yes, themselves, over traditional employment. Workforce discontent is, simply put, at an all-time high, and as a result, employer branding matters now more than ever.

Your Reputation Precedes You

Employer branding isn't just about how you handle the good times – in fact, employees and potential employees will more likely remember how you handle the bad times. Recently, a company attracted some negative attention for its handling of a large reduction in force, which was handled via Zoom. Shortly thereafter, a number of the company's top executives resigned, and despite plans for an imminent IPO, continued controversy around the handling of the layoffs has resulted in an indefinite postponement of the IPO.

While this is a particularly stark example, Harvard Business Review research reveals that job seekers are fundamentally unwilling to join companies with a bad reputation. So much so, in fact, that even when offered a 10% pay increase, fewer than 30% of potential employees would accept an offer. Although cost saving measures are crucial and often necessary during a recession, they cannot be made at the expense of a brand, which can take years to build, but just a moment to destroy. To that end, clear and frequent communication with employees – whether about good or bad news – can help to maintain integrity as an employer, and also helps to mitigate the fallout that may arise as the result of layoffs. Remember, after all, that a single disgruntled employee can have a pronounced negative effect on your brand, especially with the proliferation of employee review sites and social media.

Prepare to Rebuild

A strong employer brand, of course, isn't just a defensive strategy.

It's also key to attracting (and retaining) higher quality candidates. And ultimately, your company is only as good as your team. Research suggests that organizations with strong brands will receive up to twice the number of job applications as those with weaker brands. Expanding the pool of candidates, of course, gives employers a better chance of finding an employee who is well-suited to the position.

75% of active job seekers are likely to apply to a job if the employer actively manages its brand, and a strong employer brand can reduce the cost per hire by as much as 50%.

Prepare to Rebuild
(continued)

Moreover, companies with strong brands also tend to have more engaged, more motivated employees. This, in turn, results in higher job satisfaction, which is not only key to retention, but also reinforces a positive company image. Indeed, companies that actively invest in their employer brand can reduce their turnover by **as much as 28%.**

And although investing in your brand during economically uncertain times may not initially seem like the highest ROI project to undertake, **92% of candidates say that they would consider changing jobs if they were offered a job at a company with an excellent reputation.**

As such, savvy employers with an eye toward the future and a realization that this economic period too shall pass must make long-term decisions when it comes to their reputation.

Prepare to Rebuild

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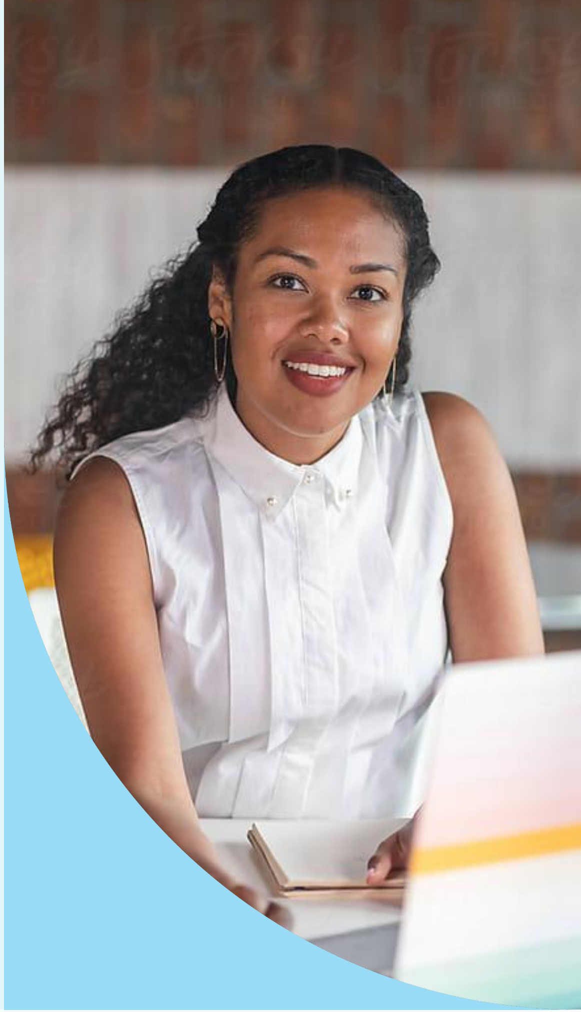
When you prioritize building an employer brand that shows people what they can expect from working at your company, you can use your brand as a tool to set and manage expectations early on the candidate journey (as early as the discovery phase). You're helping candidates understand who you are and what you stand for as an organization before they even apply.

As a result, you'll start attracting more applicants who are inspired by your mission and values and can envision themselves contributing to them—versus those who aren't necessarily invested in your culture and career opportunities—strengthening your talent pool in the process.

If you can deliver on the employer brand promises you make during the recruiting process, you'll enable your company to make better hires and retain more employees.



You Cannot Put Your Brand on Pause

Ultimately, for employers looking to navigate the combination of an economic downturn with a fiercely competitive labor market, understanding their employees and their candidates is absolutely key. Do the work to determine what drives your people and your potential people, and craft a brand that is welcoming to a diverse set of talent. Today, more so than ever, there are candidates to be found. But bringing them into your company will involve investing in helping employees find meaning, belonging, and strong team ties. Remember, without loving care and attention, your employer brand doesn't disappear; instead, it begins to wither.

Even in the most difficult of times, you cannot pause your brand – you can only pause managing your brand. So to that end, dedicate real time and effort to ensure that your team, your company, and yes, your brand, can withstand the test of time.