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How a Strong Employer Brand Is Linked to Business Performance

by
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M1 editorial partner Charter spoke with Glassdoor lead economist Daniel Zhao about what drives employee experience, an employer's reputation, and its impact on business.

Last Thursday, M1 editorial partner Charter and careers site Welcome to the Jungle convened leaders, researchers, and experts for a summit on the new employer brand and its potential to drive trust, culture, and long-term business success. (Read more about the summit and Charter's research playbook on employer brand [here](#).)

Ahead of the summit, Charter spoke with Daniel Zhao, the lead economist at Glassdoor, the site where workers review and rate their employers, about what research indicates about the link between employer brand and business performance, and what the most effective levers are to strengthen them.

Glassdoor has a particularly large-scale view into the effectiveness of employer branding and employees' expectations of organizations. And Zhao has published [research](#) showing a correlation between employee well-being and customer satisfaction, among other things.

Here are excerpts from Zhao's conversation with Charter editor in chief Kevin Delaney, edited for space and clarity:

Is there a correlation between a strong employer brand and business outperformance?

The short answer is yes, because fundamentally an employer brand is how you market the employee experience. So you can't really have a strong employer brand without a strong employee experience. Then ultimately how employees feel and how they are able to perform on a daily basis is the underlying reason why your business works or doesn't.

AT A GLANCE:

- Research is especially clear on the link between employee experience and business performance in industries where many employees engage with customers.
- Glassdoor data shows the three most important workplace factors are culture, senior leadership, and career opportunities.
- What factors drive employee satisfaction most barely shifted post-pandemic, Glassdoor lead economist Daniel Zhao says.



The link to business performance is that employee engagement is connected to it?

Yes. That connection tends to be stronger. There's just been more evidence about how employee engagement, including satisfaction, links to a whole host of business performance indicators, whether you're talking about financial outperformance down to some of the more negative outcomes like misconduct or fraud, which is an interesting connection because it's really about culture and building integrity into your culture. There are clear benefits for employer branding as well, but they tend to be more obvious on the recruitment side. So if you have a better employer brand—a higher Glassdoor rating—that tends to make it easier to recruit candidates.

Is there any specific research that's most salient for you on this question of linkage between a strong employer brand and business performance?

My favorites are on the employee engagement channel or mechanism. When we look at employee satisfaction and see the impacts on customer satisfaction, on business outperformance, it just makes it very clear why creating a positive employee experience is good for the business overall and then the financials follow that. This is very clear in examples where employees are engaging with customers or users a lot, so in high-touch industries or high-touch roles. For example, if your customer service staff are not satisfied, that is going to spill over into how customers feel they are treated by your company. It's just a very, very clear direct line to how that impacts the business. There's something very tangible about, well, if a customer service agent is having a bad day at the call center and takes it out on a customer, of course that's going to have a bad impact on your business.

Glassdoor is interesting because with your employer ratings, you have components that refer to different aspects of the employee experience and the company. Are any of those components particularly strong indicators of the strength of the employer brand? Are any especially important levers for strengthening employer brand?

There are certain components of the employee experience that are more impactful for employee satisfaction and engagement. When we look at Glassdoor data, the three most important workplace factors are culture, senior leadership, and career opportunities. It's interesting, that actually hasn't really changed compared to pre-Covid. If you think back to a few years ago, people were talking about how the pandemic has really shifted how people think about work and relate to work and everybody's prioritizing different things.

In our data, those numbers barely shifted at all in terms of what factors drive employee satisfaction. Now, people's definition of some of these things might change. For example, work-life balance actually tends to be not necessarily that important for employee satisfaction, but how people talk about work-life balance has changed. There are more conversations about remote work, for example, as the obvious case.

“ “People were talking about how the pandemic has really shifted how people think about



work. ... In our data, those numbers barely shifted at all."

- Glassdoor lead economist Daniel Zhao, talking about what workplace factors that drive employee satisfaction

But, in particular, career opportunities and senior leadership are the two drivers that I always keep an eye on. For career, ultimately why do people work? For a lot of people it is about getting that paycheck, but to be fulfilled at work requires growth. So career opportunities are really, really important for employee satisfaction. I don't want to say that they can paper over problems per se, but people are willing to sacrifice other parts of their employee experience because of those career opportunities. That's why you see people entering these industries or these entry-level jobs that might not pay well or might have really long hours, but they know that it's setting them up for the long term.

The senior leadership and culture aspects are kind of tied together in the sense that senior leaders are visible, they're the ones who set the culture. So even though you might not be interacting with a senior leader every day, ultimately how they operate and how they establish a culture will trickle down to an individual experience.



Kevin J. Delaney is the editor in chief of [Charter](#), a media and insights company that publishes articles, shares original research and hosts events for workplace decision-makers. This content is brought to you through M1's partnership with Charter. More information about gift subscriptions for our members can be found [here](#).

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