ZION & ZION

Resonating with **Workers** and **Customers:** The Impact of **HR Practices**

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BACKGROUND

A company's internal business-related and HR practices are sometimes made public, either through the company making a formal announcement or via employees sounding off on Glassdoor and other platforms. Whether being the right thing to do or battling to attract employees in a time of low employment, some companies are going public with wage increases, including Amazon, Costco, and Target. Businesses are also changing other employee-centered practices, such as offering paternity leave, improving healthcare benefits, and offering training related to sexual harassment.

In an effort to understand how a company's internal business-related and HR practices affect potential customer purchasing behavior and desire to work at a company, the Zion & Zion market research team conducted a nationwide study designed to reveal which practices resonate the most with potential customers and potential workers.

EXECUTIVE SUMMARY

The Zion & Zion research team sought to understand two things. First, which of a company's business-related and HR practices would make people more likely to want to work there. Second, which of a company's business-related and HR-related policies most resonate with potential customers—i.e. which practices make customers more likely to do business with a company. We conducted two surveys, one aimed at collecting potential workers' responses (1,057 respondents) and another aimed at collecting potential customers' responses (942 respondents).

Among our findings, the No. 1 ranked internal/HR practice that would entice customers to patronize a company was "They create great products and services," which was ranked highest by 28.7% of respondents, followed by "They treat employees well" (21.7%) and "They compensate employees above the minimum wage" (13.9%). Internal/HR practices that ranked low as enticements to make a purchase were related to workforce diversity (5.2%), recycling and environmental protection (4.3%), and sexual harassment prevention (2.2%).

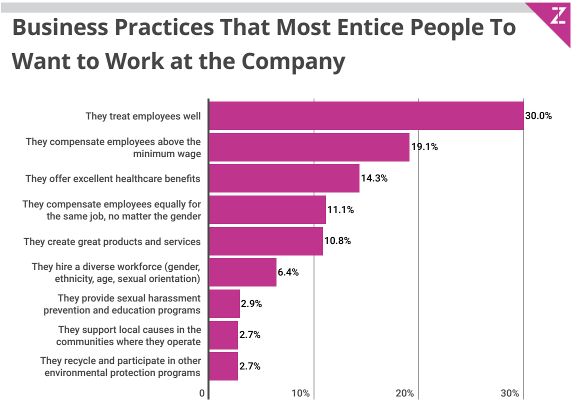
The top ranked internal/HR practice that would most entice people to want to work at a company was "They treat employees well," which was ranked first by 30% of respondents. Next were "They compensate employees above the minimum wage" (19.1%) and "They offer excellent healthcare benefits" (14.3%). Internal practices that did not rank high as a reason to want to work for a company were "They provide sexual harassment prevention and education programs" (2.9%), "They recycle and participate in other environmental protection programs" (2.7%), and "They support local causes in the communities where they operate" (2.7%).

WHAT RESONATES WITH POTENTIAL EMPLOYEES?

To understand which of a company's internal business-related and HR practices would most entice potential employees to want to work at a company, the Zion & Zion market research team surveyed 1,057 people throughout the U.S., presenting them with a list of nine such internal practices. The Zion & Zion market research team asked approximately half of the respondents the following: "The following is a list of operational business practices that some companies follow. Please rank this list in order of importance that would entice you to want to work at the company."

Perhaps unsurprisingly, Figure 1 reveals that "They treat employees well" topped the list, with 30% of respondents choosing it as the No. 1 reason for wanting to work at a company. These are followed by "They compensate employees above the minimum wage" (19.1%), "They offer excellent healthcare benefits" (14.3%), and "They compensate employees equally for the same job, no matter the gender" (11.1%). "They create great products and services" is fifth with only 10.8% of people ranking it No. 1.

Figure 1



For all respondents, their #1 ranking for the question:
"The following is a list of operational business practices that some companies follow. Please rank this list in order of importance that would entice you to want to work at the company."

Men and women have similar attitudes when it comes to their feelings about the importance (with respect to them considering working at a company) of the items we asked them to rank, although there are two notable differences. See figures 2, 3, and 4. 14.5% of men chose "They create great products and services" as their No. 1 reason for wanting to work at a company, but nearly 50% fewer women agreed (7.8%). And while 13.7% of women ranked "They compensate employees equally for the same job, no matter the gender" No. 1, only 8% of men ranked it first.

Figure 2

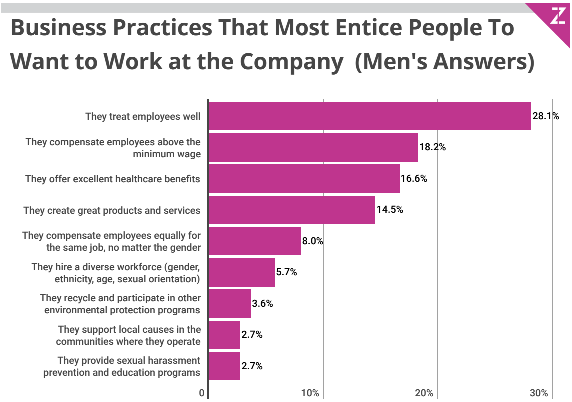


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Figure 3

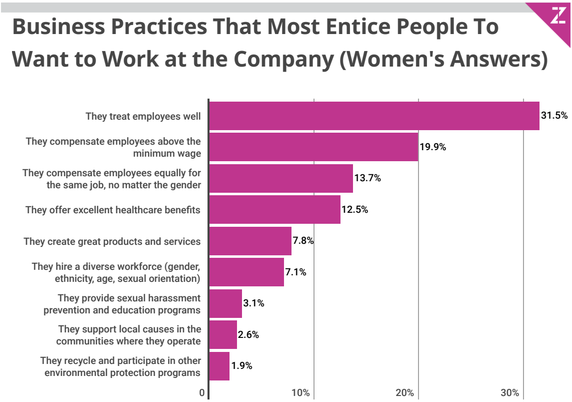

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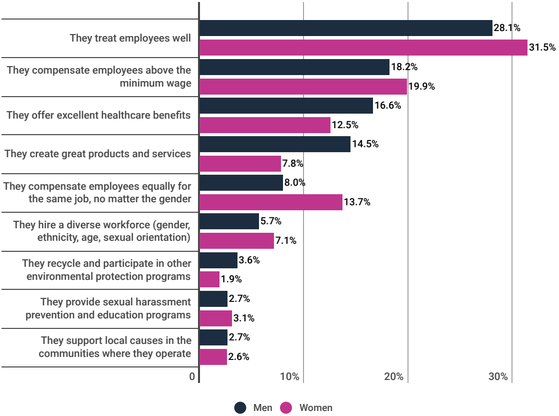
Figure 4

Business Practices That Most Entice People To Want to Work at the Company (by Gender)



For all respondents, their #1 ranking for the question:
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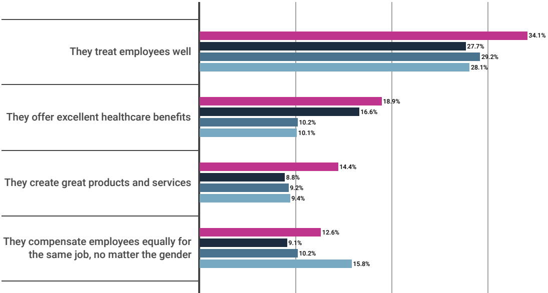
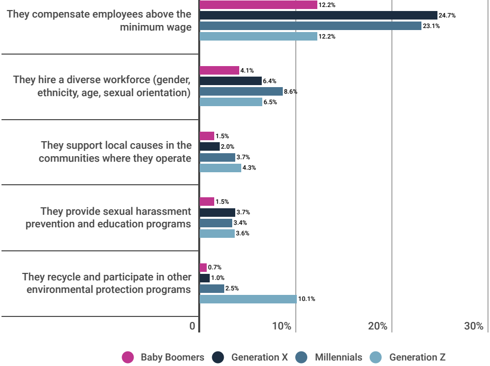
When sliced by generation (Figure 5), the data tells an interesting story. Excellent healthcare benefits are more important to Baby Boomers and Generation X when considering working at a company. The youngest age group (Generation Z) cares the most about compensating employees equally. And the middle generations—Generation X (24.7%) and Millennials (23.1%)—care much more about compensating employees above the minimum wage than Baby Boomers and Generation Z (both 12.2%). Finally, there is a disconnect between the generations when it comes to company recycling and participating in other environmental protection programs; 10.1% of Generation Z ranked it the No. 1 reason to consider working for a company, far outdistancing Millennials (2.5%), Generation X (1%), and Baby Boomers (0.7%).

Figure 5

Business Practices That Most Entice People To Want to Work at the Company (by Generation)





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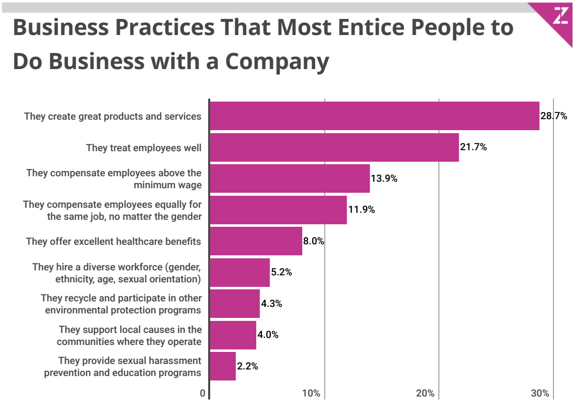
WHAT RESONATES WITH POTENTIAL CUSTOMERS?

To understand how the business and HR practices were perceived by potential customers, our market research team collected 942 responses. Respondents were directed as follows, "The following is a list of operational business practices that some companies follow. Please rank this list in order of importance that would entice you to do business with the company."

Far and away, the top-ranked answer was "They create great products and services," with 28.7% of all respondents naming it their top answer—not particularly unexpected. The interesting data is the relative rankings of the other answers (see Figure 6) and the gender differences, which we explore later in this study.

Figure 6



For all respondents, their #1 ranking for the question:
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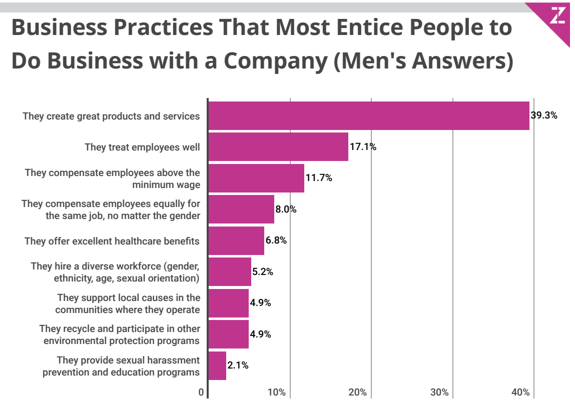
Segmenting the data by gender reveals some interesting differences. See Figures 7 and 8. Men identified "They create great products and services" as the most important element that would entice them to patronize the company (39.3%), but women chose "They treat employees well (25.5%). Figure 9 combines gender preferences into one chart, which contrasts their differences. Notably, women place significantly higher importance than men on HR practices related to treatment of employees, including "They treat employees well" (25.5% vs. 17.1%), "They compensate employees above the minimum wage" (15.8% vs. 11.7%), and "They compensate employees equally for the same job, no matter the gender" (15.2% vs. 8%).

Figure 7



Business Practices That Most Entice People to Do Business with a Company (Men's Answers)

For all respondents, their #1 ranking for the question:
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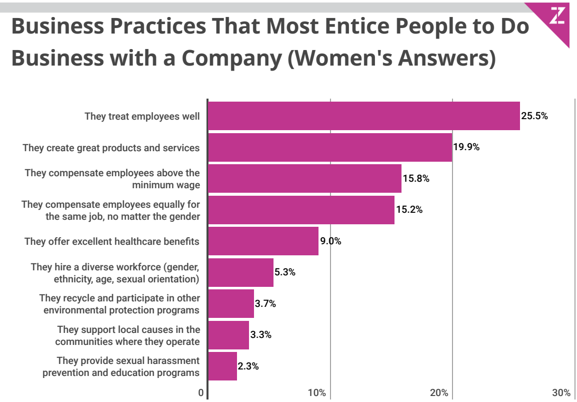
Figure 8

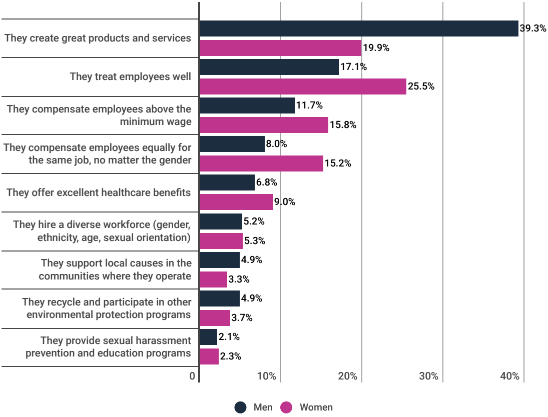


Business Practices That Most Entice People to Do Business with a Company (Women's Answers)

For all respondents, their #1 ranking for the question:
"The following is a list of operational business practices that some companies follow. Please rank this list in order of importance that would entice you to want to work at the company."

Figure 9

Business Practices That Most Entice People to Do Business with a Company (by Gender)

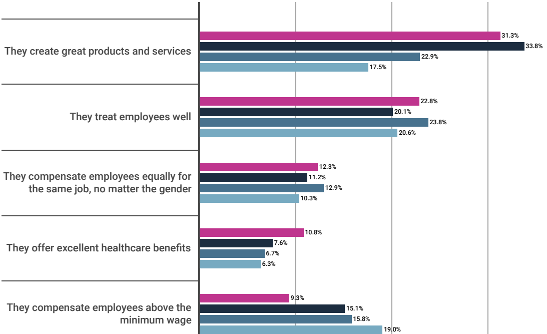


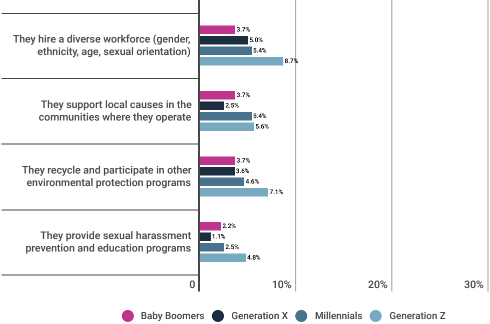
For all respondents, their #1 ranking for the question:
"The following is a list of operational business practices that some companies follow. Please rank this list in order of importance that would entice you to want to work at the company."

Figure 10 reveals significant differences between generations as it pertains to what business and employee-related business practices drive people most to patronize a company. Baby Boomers (ages 55-73) and Generation X (39-54) both chose “They create great products and services” as their No. 1 answer (Boomers, 31.3%; Generation X, 33.8%), which far exceeds the importance placed on that item by Millennials (ages 23-38) and Generation Z (those 22 and under). The youngest respondents (Generation Z and Millennials) place more weight than older generations on various business/HR policies, including those related to employee compensation, recycling and environmental protection, supporting local causes, workforce diversity, and sexual harassment.

Figure 10

Business Practices That Most Entice People to Do Business with a Company (by Generation)





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PUTTING THE DATA TO WORK

When it comes to recruiting employees and creating customers, our data suggests that businesses may not necessarily want to rely solely on employee-related practices that grab news headlines. Regarding making a purchase, customers most desire companies who offer great products and services and who treat their employees well. They aren't anywhere near as focused on workforce diversity, recycling and environmental protection, support of local causes, and sexual harassment prevention. This a tried-and-true formula: provide great products and services and make sure you treat your most important ambassadors (employees) well. When it comes to elements that may entice a person to want to work for a company, people want to be treated well, be well compensated, and enjoy excellent healthcare benefits.

While the options we presented to respondents in our study are by no means an exhaustive list, it is our hope that marketers, executives, and HR professionals will use the data and analysis we have provided here as a springboard for considering their own policies, and the impact those have on both potential employees and potential customers.