

Business Management (HL) Internal Assessment

What should Microsoft do to reduce their employee turnover rate?

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1. Acknowledgements

I would like to thank one of the H.R Representatives Mrs. Sakhardande for allowing me to conduct an interview with her that helped me understand how the Microsoft employee benefits work and methods used by H.R to improve employee morale. I would also like to thank each employee at Microsoft who filled out my questionnaire since this allowed me to compile evidence to create an answer to my investigation. Finally, I would also like to thank Mr. Weiker for providing support throughout my investigation.

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3. Executive Summary

Microsoft Corporation is a multinational technology corporation. Microsoft has recently had an increase in their employee turnover rate. This report will analyze: *What should Microsoft do to improve their employee turnover rate?* Qualitative primary research was conducted through interviews with an HR representative of Microsoft and through questionnaires sent to Microsoft employees. Using this data, a SWOT analysis chart, fishbone diagram, and motivation techniques used by H.R were used to determine what Microsoft can do to improve this rate. My research concluded by stating that Microsoft Corporation should invest in more employee benefits to reduce the high employee turnover rate.

4. Research Proposal

Question: What should Microsoft do to reduce their employee turnover rate?

Rationale: During my early research, in 2021, Microsoft experienced a high employee turnover rate of 23.3% (Finbox) and almost 41% of Microsoft employees are considering a job change (Kim). Additionally, I noticed that many Microsoft employees are not satisfied with the benefits that Microsoft offers compared to other companies such as Google or Netflix and Microsoft's employee income satisfaction has been declining over the past 3 years. Therefore, this research paper will aim to identify and resolve the high employee turnover rate and dissatisfaction of the employees by analyzing the methods used by H.R to motivate employees and the employee benefits and total compensation.

Theoretical Framework: The research that is conducted will focus on finding out why Microsoft Employees are dissatisfied and how to improve this. The questionnaire will be distributed to a random sample of 26 employees. An interview with the HR Manager will also be conducted to understand the methods used by HR and managers to improve employee morale at Microsoft.

Syllabus that will be covered:

- Fishbone diagram
- Motivation
- SWOT analysis

Methodology:

- Primary research
 - Create and collect responses to questionnaire
 - Interview with HR representative
- Secondary Research
 - Employee turnover rate

Anticipated Limitations:

- The results collected can be biased or dishonest
 - When collecting responses to the questionnaire, an employee or manager could input biased or dishonest responses. For example, employees could worry that the

information inputted could go back to their managers. This could cause employees to lie in these responses to make their managers happier with them.

- Limited sample size
 - Only 26 employees responded to the survey. This represents a limited sample size since a lot of other employees of Microsoft did not complete the survey.
- Confidentiality
 - The HR Manager or employees might not respond truthfully since the responses are being recorded.

Action Plan:

Table 1: Action Plan					
Tasks	November	December	January	February	March
Identify question					
Write Research Proposal					
Conduct Primary Research					
Collect Secondary Research					
Create an Outline					
Write Introduction					
Complete Rough Draft					
Final Draft					

3. Introduction

Microsoft Corporation is multinational technology company that creates different software products, services, video games, and other online services. Founded in Albuquerque, New Mexico by Bill Gates, and Paul G. Allen in 1975, Microsoft became the largest vendor for computer software in the world. It was originally created to produce a programming language for a microcomputer called the Altair 8800. However, over the years it grown to be one of the biggest software companies today by creating new types of software, its own publishing division, windows, and many more new and innovative products (History.com Editors).

However, recently Microsoft's employee turnover rate has dramatically increased as the search for more tech talent by different companies has started to grow. Microsoft has recently released a statement regarding the turnover crisis claiming that because of the pandemic, the employees have been feeling disconnected with their teams.

This investigation will aim to discover what is behind the upcoming employee turnover crisis is with Microsoft by analyzing the motivational strategies and the employee benefits for Microsoft. This investigation will seek to answer the question:

What should Microsoft do to reduce their employee turnover rate?

4. Methodologies

This investigation is mainly based off primary research and some secondary research. The primary research was conducted by scheduling and recording an interview with an H.R representative from Microsoft to understand the motivational strategies used by management and employees to push each other towards a certain outcome. More primary research was collected by creating a questionnaire for employees to complete. This questionnaire was used to help explain why Microsoft's employee turnover rate is so high and understand what employees believe can be improved to fix this.

Alongside primary research, some secondary research was used. For example, using Microsoft's website to collect data on motivational strategies to complete a SWOT table. Outside research was also used to complete motivation section.

6. Main results and findings from Primary research

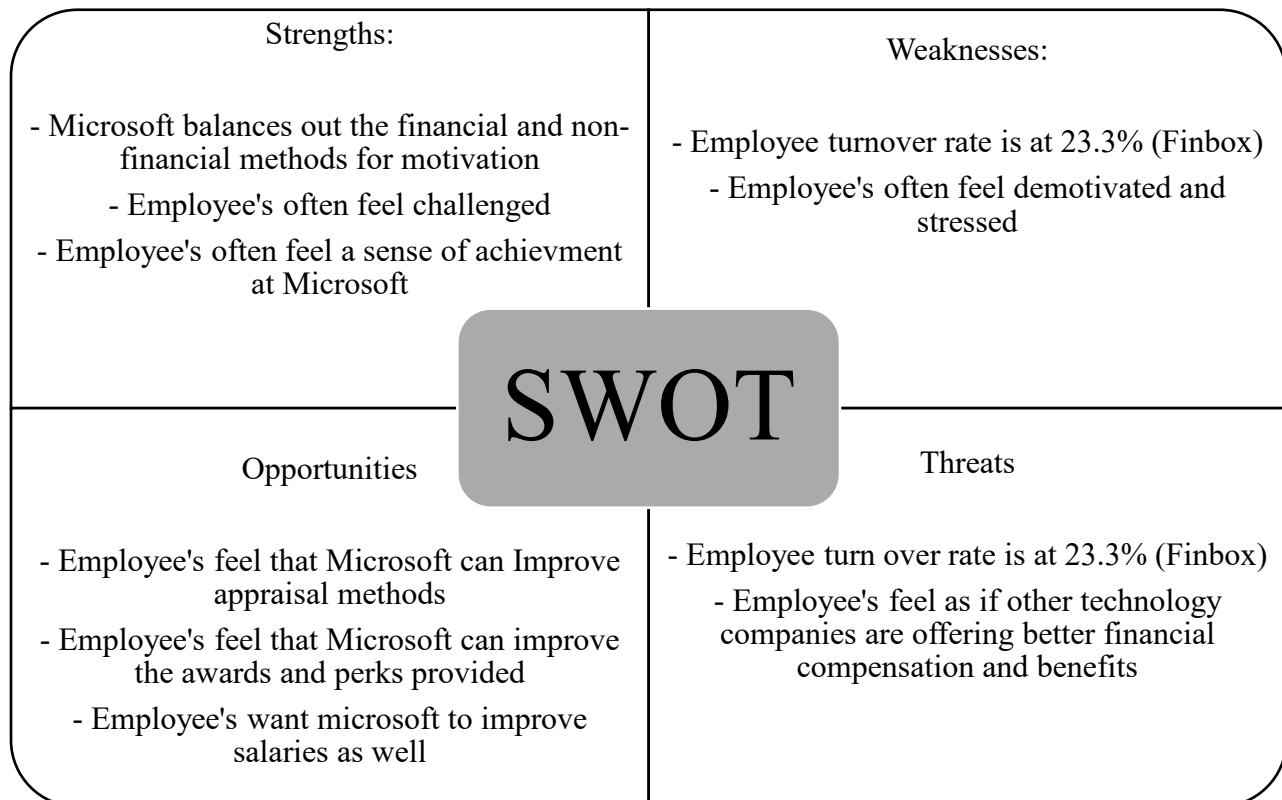
The blank questionnaire is included in Appendix 1 and the response to the questionnaire is included in the Appendix 2. The results displayed a widespread dissatisfaction with the amount of benefits Microsoft includes. Around 69% of employees said that increasing the appraisal methods and awards and perks provided by Microsoft would make them better employees. The questionnaire also showed that 53.8% of employees don't believe they get rewarded often and 69.2% are often demotivated and stressed. Finally, 65.4% of employees said that their compensation and benefits are not competitive toward other technology companies and 34.6% rated Microsoft as a "fair" place to work.

The questions asked to the H.R Manager are included in Appendix 3. This interview revealed that there is a good balance between financial and non-financial benefits for Microsoft Employees. Microsoft also uses many strategies and techniques to motivate employees including

check in processes, programs around moral, out of work meetings with employees, and assigning employees to projects they are passionate about.

7. SWOT

First, a SWOT analysis of Microsoft from an employee's perspective using the primary data collected was created. This can help analyze where Microsoft's current standing place on why employee turnover is occurring.



From this SWOT analysis, it is shown that Microsoft is currently doing a good job of providing both financial and non-financial methods to motivate their employees. Their employees also feel very accomplished when finishing projects and work at Microsoft and feel challenged. However, since Microsoft's workload is so challenging, the employee's also often feel demotivated or stressed out. When asked how this could be fixed, the employees stated that more incentives and compensation for their work would be beneficial. This can create new opportunities for Microsoft to improve their high employee turnover rate based off the recommendations of their staff. The employee's stated that improving appraisal methods, awards and perks, and salaries would make them feel more motivated and better with working in the company. However, there are some threats to Microsoft since the employees have opportunities to work elsewhere and receive more compensation and benefits.

8. Fishbone Analysis

Ishikawa's fishbone diagram was created to identify specific causes of a problem or issue. This fishbone diagram was created to analyze what is causing the high employee turnover rate and how to improve this at Microsoft.

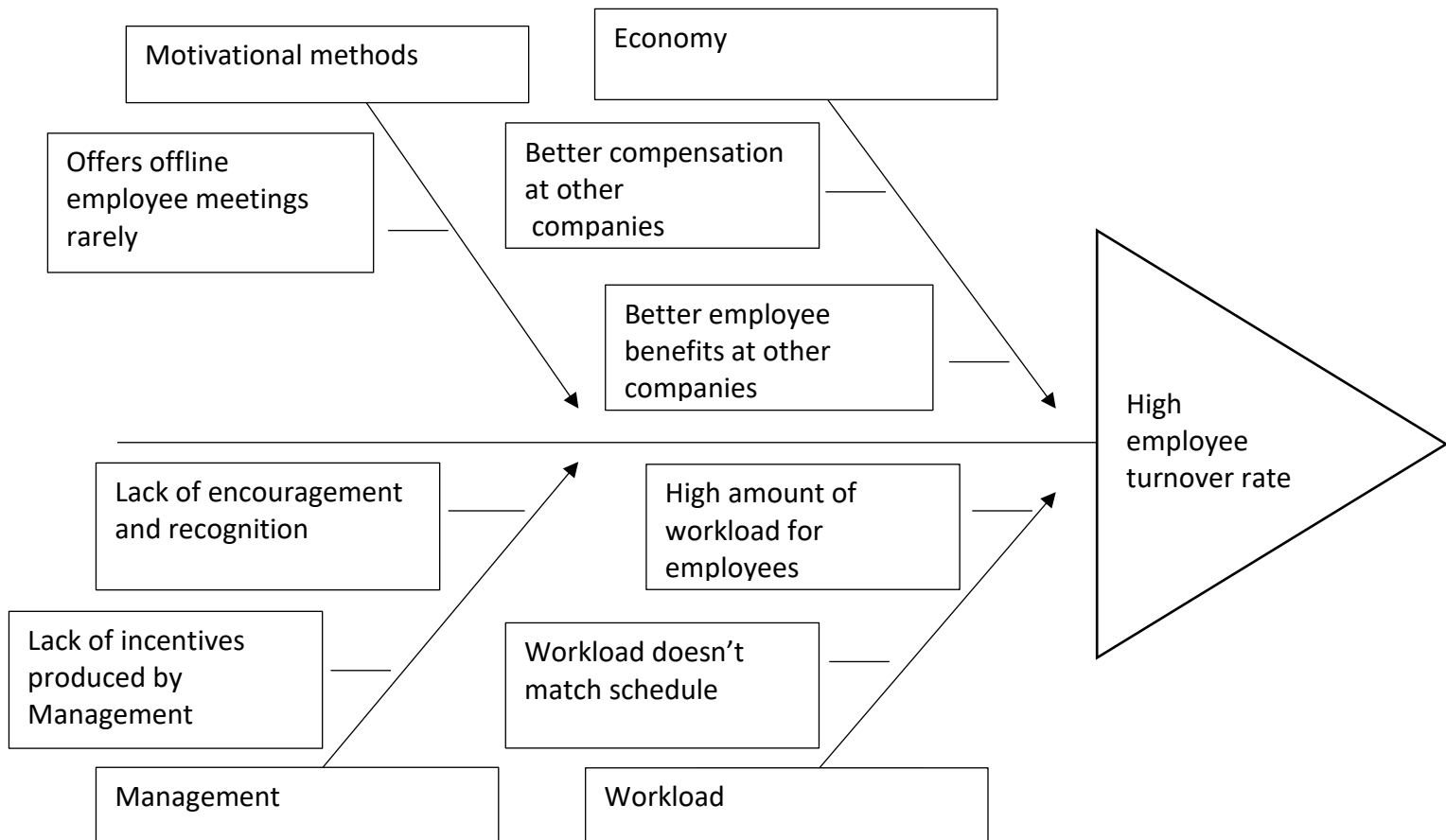


Figure 1: Fishbone Diagram on High Employee turnover rate

This diagram points out many of the causes for the high employee turnover rate occurring at Microsoft. Microsoft currently has issues in management, the workload they are providing employees, the economy, and motivational methods. These are all the root causes of why their employee turnover rate is so high.

Microsoft currently is lacking in recognizing and appreciating the work their employees are doing as well as not providing any incentives. This can cause employees to feel demotivated and stressed since they are not receiving anything for the work they are doing. Employees might also leave to other companies since they can offer Microsoft employees more compensation and benefits to work there instead. This can cause employees to leave Microsoft since they are feeling motivated elsewhere and can cause a high employee turnover rate. Microsoft also is currently overworking their employees and giving them more work than their schedule can fit. This can cause a high employee turnover rate since employees might feel too stressed to continue working at Microsoft and leave or work elsewhere. Finally, the motivational strategies provided

by Management are not conducted regularly. For example, when interviewing the H.R manager offline meetings was listed as an example for a motivational strategy, however recently Microsoft employees stated that they often felt depressed or upset for a lack of connection with their teammates (Kim).

Each of these create issues which can cause a high employee turnover rate at Microsoft. This diagram shows that Microsoft should direct their resources to focusing on fixing each of these issues to improve their employee turnover rate.

9. Employee Motivation theories

One of the motivational theories used by H.R representatives is Maslow's motivation theory. When conducting my interview with an H.R representative for Microsoft, I asked what motivation theory Microsoft H.R Representatives try to follow, and she responded with Maslow's and Herzberg's. This analysis will explore Maslow's and Herzberg's theory and help to identify how Microsoft can improve their motivation tactics more.

Maslow's Theory

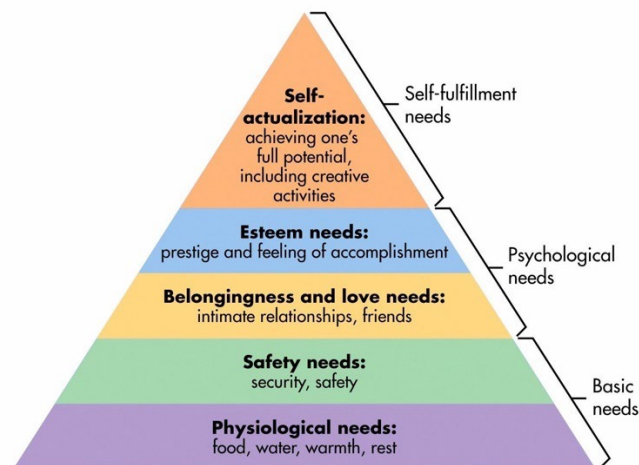


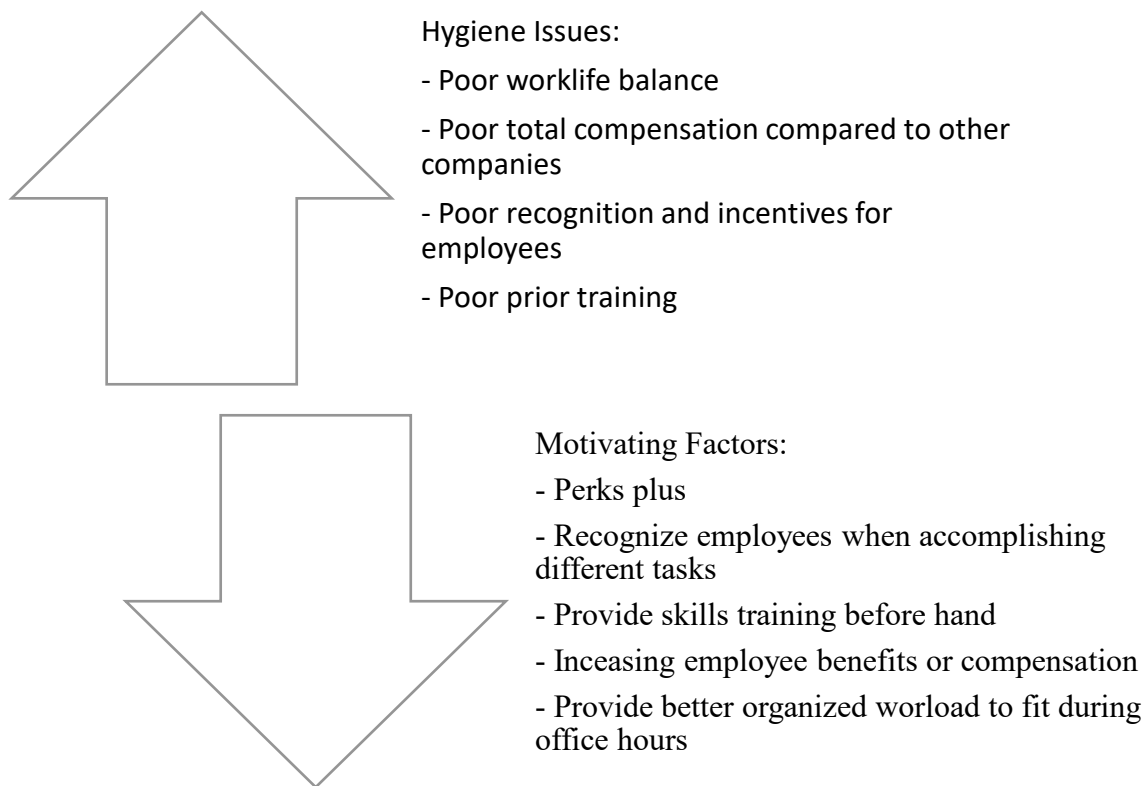
Figure 2: Maslow's Motivational Theory

Improvements:

Physiological Needs	In the survey conducted with Microsoft employees, employees often felt that their work life balance was not good. This shows that employees often feel as if they don't have time outside of work to enjoy sleep or spending time with their families. This could be improved by creating a more suiting workload for the schedule that they have.
Safety and Security	Microsoft employees tend to have the most issues with economic security. The survey results showed that 26.9% of employees believe increasing their salaries would help motivate and make them better employees. The survey also shows that 65.4% of employees believe that their total compensation is not competitive enough toward other technology companies. This shows that Microsoft's total compensation and salary should be improved to help with the employee's economic security concern.
Belongingness and love need	Belonging in your team and building relationships with your employer and employee's is necessary to thrive in a work environment. 42.3% of employees stated that their relationship with their employer is okay or "fair". This shows that employees don't feel a good sense of connection with management and their peers. In order for the high turnover rate to be fixed, employees' connection with one another must be fixed.
Esteem Needs	Maslow's theory states that esteem needs such as recognition for work done well is necessary. After conducting the survey, 53.8% of Microsoft employees stated that they rarely get rewarded on their job performance. This shows that for employees to feel more motivated – more recognition and awards for their work needs to be included.
Self – Actualizations	For an employee to be motivated, their work level needs to be challenging and employees need to feel a sense of achievement when finishing tasks. In the survey, all 26 employees stated they often or always felt a sense of achievement and challenge at work. This shows that Microsoft does an excellent job at making sure their employees are challenged with their workload and are happy and fulfilled when completed their work.

Hertzberg's two factor Theory

Hertzberg's two factor theory consists of two factors: hygiene and motivations. This theory states that if you decrease the hygiene factor which consists of issues regarding salary and supervision then this will decrease employee's dissatisfaction. It also states if you increase motivators such as job empowerment or recognition, then employee's satisfaction will increase.



10. Conclusion

These 3 business tools were used to analyze what new methods or strategies Microsoft can use to decrease their high employee turnover rate. The SWOT analysis helped define what the current issues are whereas the fishbone diagram established what the causes of these issues are. After that the motivational strategies were analyzed to establish improvements, Microsoft can implement to improve their employee turnover rate.

11. Recommendations

1. The first recommendation to decrease the employee turnover rate would be to increase employee benefits or total compensations. In the questionnaire, 26 employees' responses were collected as to what could improve their work and motivation. 96.1% of employees responded with either better awards and perks, higher compensation, or better appraisal methods. This shows how almost all the employees interviewed need more benefits and compensation since other companies are currently offering better ones than Microsoft.
2. Following Maslow's motivational theory will decrease the employee turnover rate since it will make more employees motivated in a cheaper way than the Herzberg theory. From this theory it was discovered that having employees connect with one another more and having more rewards for employees will motivate them a lot more. This can be done through more offline meetings with peers or congratulating employees once completing their tasks.

12. Limitations

One limitation to the questionnaire was that it was difficult to obtain a large sample size of responses and only 26 were collected which can limit the scope of the research. If there was more time, more responses would have been attempted to be collected over a longer period.

Another limitation to the primary research, could have been a bias from the H.R representative since she knew that the responses were being recorded. If there was more time, multiple H.R representatives would have been interviewed and the responses compared to limit the bias recorded.

Works Cited

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Appendix 1 Blank Questionnaire

What could Microsoft do to make you a better employee?

- ☐ Better working conditions
- ☐ Higher Salaries
- ☐ Verbal Recognition for your work
- ☐ Better appraisal methods
- ☐ Awards and Perks

How would you rate Microsoft as a company to work for compared to other companies?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very poor

In Microsoft, do you get rewarded according to your job performance?

- ☐ Yes, often
- ☐ Yes, rarely
- ☐ No

Is your total compensation competitive compared to other technology companies?

- ☐ Very competitive
- ☐ Not competitive

How would you describe your relationship with your employer?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very poor

How often do you feel demotivated and/or stressed?

- ☐ Very often
- ☐ Not very often
- ☐

How often do you feel challenged and feel a sense of achievement at work?

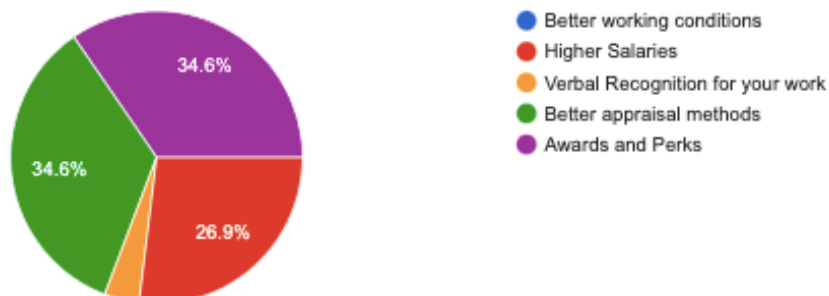
- ☐ Always
- ☐ Often
- ☐ Sometimes
- ☐ Rarely

Appendix 2 Questionnaire Responses

What could Microsoft do to make you a better employee?

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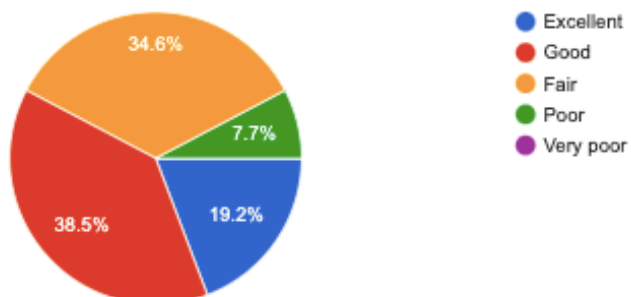
26 responses



How would you rate Microsoft as a company to work for compared to other companies?

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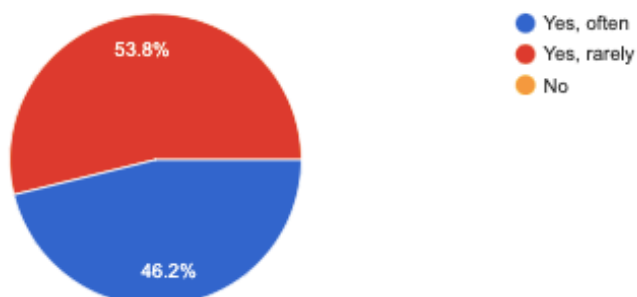
26 responses



In Microsoft, do you get rewarded according to your job performance?

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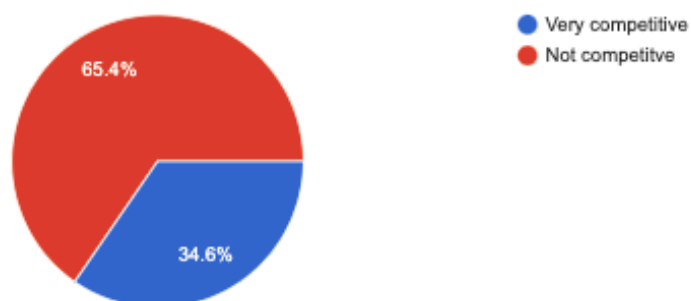
26 responses



Is your total compensation competitive compared to other technology companies?

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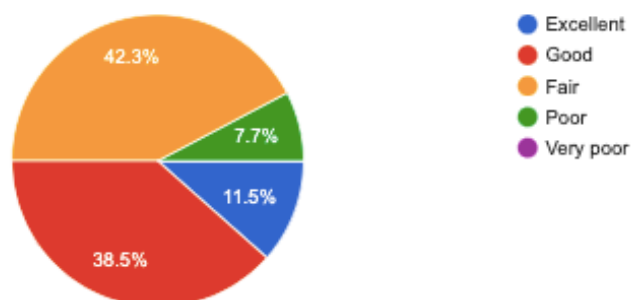
26 responses



How would you describe your relationship with your employer?

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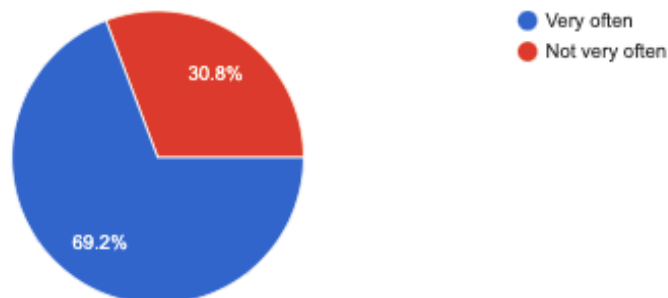
26 responses



How often do you feel demotivated and/or stressed?

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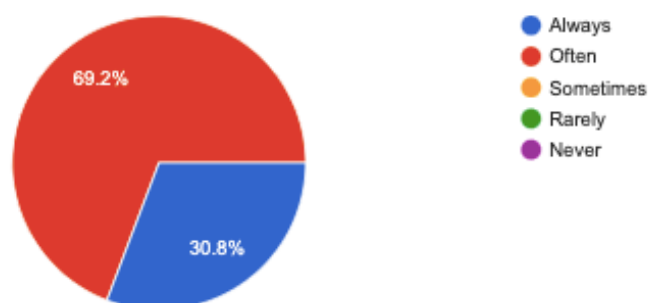
26 responses



How often do you feel challenged and feel a sense of achievement at work?

26 responses

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Appendix 3 Notes from HR Meeting

What is Microsoft compensation policy?

- Compensation philosophy is more pivoted around pay for performance
- You have the opportunity what your impact and performance is
- Not connected to how company is and your team
- Components :
 - Base pay (fixed pay) dependent on where you live , cost of labor, inflation
 - Performance bonus : cash componant on individual performance
 - Performance based talk awards - your individual performance and vesting cycle across 4 years and ensuring stay long term
- Strong performance and development sights
- Employees can be eligibly for promotions 4 times a year
- determine performance by impact
- Impact consists of multiple thing
- Within opportunity or process that you are doing how did you land that
- How did you collaborate with others
- Sharing your perspective or seeking others
- Technical impact : delivery of the work
- Leveraging others to work
- And contributing to the work of others
- Managers will asses direct reports on these 3 circles to determine what the reward that they would get
- Base pay increase and bonus performance base

What strategies and tactics does Microsoft implement to motivate employees

- A lot of our focus is to have employees have meaningful careers and group and that come sin the form of different aspects
- Making sure managers are having conversations with employees : career check in - what are employees working on what are the career aspirations
- Hold managers accountable for this process
- Second point around their own team and culture important that employees feel that they are part of a larger team and that they have supportive environment to do their best work and be themselves
- HR have a lot of programs around moral and how the team can come together and work together well and have offline informal events to connect with
- What are they working on , important for people to care to their success from exciting work
- Important for the company to match people to projects where they are most passionate above and where their skills match as wel.
- Intentional great team great environment and doing work that you love

What is the balance between the financial and non-financial methods used?

- Depends balance and depends on the context
- Financial methods : specific philosophy on how we pay and reward employees
- Performance
- Larger market , ecosystem, geography that they are offering for
- Non compensation
- Individuals motivations are ; equip the manager and individuals context . Some individuals who money is important or work life balance and flexibility are important
- Opportunity for career growth
- Opportunity to interview with other roles align with others
- Employees who also thrive in environments who can be themselves
- Benefits - perk plus or other benefits that are catered to employees mental and emotional balance
- Lease and perks

What benefits are there:

- Irrespective of level and seniority benefits are mostly similar
- Medical and health insurances
- Microsoft pays the premiums in medical and health
- 401k and how Microsoft matches and doubles the contribution to that
- Perks plus : a yearly amount that would be given to an employee on anything that can be spent on financial wellness - use that money to buy books or take memberships for yoga class
- Tie ups with industry to support employees on mental and physical health : free therapy or free seminars on productivity , wellness and work life balance

How would these benefits be earnt:

- Join company on year on year basis

Benefits related to level

- Statical that are provided to senior employees
- Gives them an opportunity to take a sabitcal for a couple months they can reimburse them an amount
- Tenure

Is there a specific HR theory that is followed

- Microsoft probably follows beyond stage 1 of Maslow theory
- Sense of recognition and some of those means
- Belonging esteem how do you feel part of a team
- Safety is important your job is not going to be in danger and you can be better.
- Perform system
- Cognitive through the training and opportunity

