Human Resources

# the importance of human related processes

Research Report by current manager Anna Rowena Waldron and team members Vi Cao and Jerry Yan

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## Research question & abstract

The research done in this report is on Human Resources, also referred to as HR. This report will go into detail exploring the question: What are the standards that make a good HR division? How do good/bad human resource divisions affect their company’s reputation?

### Purpose of the report

Human resources are an important part of any company as HR departments are what give employees a voice and acts as a middle ground where management and employees can meet and discuss problems and solutions to common and uncommon issues.

### abstract

The first two sections are introductions to key information that will be used throughout the report. The human resource management section will review data found surveys from different sources. We analyze the data to find different comparable metrics of good and bad human resource departments. The following section, company comparisons, makes comparisons between 5 top major tech companies using reviews by employees, and showing the connections between High-Performing HR departments with employee reviews. The last primary section, company reputation and employee satisfaction, uses data about the cost of an HR department, annual turnover rate, and the relationship between companies and their workforce to demonstrate the relationship between an HR department and the company’s reputation. In order to have a better perspective, we compared four big tech companies in three criteria: turnover rate, employee’s working duration, and the workforce’s review. We have come to the conclusion that the HR department could have a huge effect on the company’s reputation.

## key terms

Turnover: the rate at which employees leave their workforce or are being replaced. In the Company turnover and Employee Satisfaction section, we demonstrate the duration it takes (in years) at the 25 percentile mark in four companies. Hence, a conclusion can be drawn on the relationship between the company and its employees. Two scales are used to represent the reviews of employees toward the companies that they worked for: on scale 1-5, 5 being best; and on percentage of how many people are happy, or satisfied to work for the company.

## human resources best practices

The following list includes the best practices and standards of a good HR department. These standards will be used as a reference for later sections to examine the HR department in different companies to determine the effectiveness of that HR division. These standards are typical standards that many policies for HR use as a reference. These standards are important because many problems employees have within their company can be solved if the HR department is upholding these standards. HR best practices will be used as a basis for determining good HR management within a company in later sections.

* Providing security to employees
* Selective hiring: Hiring the right people
* Self-managed and effective teams
* Fair and performance-based compensation
* Training in relevant skills
* Creating a flat and egalitarian organization
* Making information easily accessible to those who need it

## Human resource management

This section of the report will discuss the costs of human resource management within the general workforce. The data shown were pulled from various sites that included surveys from companies throughout the workforce. We analyze the data to find metrics that make up a good human resource department.

### Human department costs

The average cost to hire a new employee is $4,129. Human resource departments goals are to minimize costs of hiring while maintaining employee standards. To lower a company's budget for hiring, they need to extend the average employee tenure. Hiring also needs to be accomplished in a streamlined way to reduce the time-to-fill.

Employment Data for Human Resources

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Figure 1.1 Employment data collected from the Society for Human Resource Management [7]

Higher performing HR departments should be spending more money to find better qualified employees. The overwhelming majority of companies spend less than $6,000 per hire of a new employee, yet the average is $10,211 dollars. This data below shows that there are some extreme outliers that will be willing to spend more money per hire of a full-time employee.

HR Hiring Expenses

A screenshot of a computer

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Figure 1.2 Hiring Expense ratio for Full time employees and operation [ 7]

### conflict resolution

On average, high-performing HR professionals believed that their departments are better at conflict resolution. Most of both lower and higher performing HR departments only believe that their department is somewhat effective at conflict resolution.

Conflict Resolution HR Survey

**Chart, bar chart

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Figure 1.3 Survey questionnaire between higher performing and lower-performing HR departments [7]

### turnover and hr management

The average tenure at a company is 9 years. Companies who have average tenures over this amount should have higher performing human resource departments.

Employee Turnover data in the workforce

Table

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Figure 1.4 Turnover data gathered from various companies. [7]

Higher performing HR departments should have less employee turnover. This survey shows that 41% of lower performing HR departments have more than 16% turnover rate per year. The high amount of turnover indirectly affects the reputation of the Company and its Human resource departments.

Turnover Survey for High and Low-Performing HR Departments

Chart, bar chart

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Figure 1.5 Survey from lower and higher performing HR departments [1]

Good Human resource departments should make use of any tools they have to acquire good talent. In the survey conducted by Ceridian, only 31% of HR departments use these tools to hire. Unknown factors like using external recruiting companies can skew this data.

Talent Analytics Use in HR Departments Survey

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Figure 1.6 Survey from different HR departments regarding their use of talent analytics [1]

### analysis

Good HR divisions should produce full time employees with longer tenures. This should be accomplished without overspending for talent. The higher performing Human Resource departments should be able to be decisive and fair in all conflict resolutions. Their Company’s reputation is also a reflection on the performance of their HR division. High performance usually means the expense of Human resource departments to FTE employees should be more as well.

## Company comparisons

The follow section will conduct a comparison between the companies Microsoft, Amazon, Google, and Apple using employee reviews and the most popular comments about each company. The comparison will show the connection between employee satisfaction and an effective HR. This section will look at each company’s HR divisions and the relations and attitude of each company and their employees based off employee reviews. Reviewing employee comments about their company can show the aspects of the company that has the greatest positive and negative impact on employees, and provide insight on whether employee problems are being addressed by a company’s HR department.

The following chart shows the overall star rating from employees for each company and employees rating of the HR department for each company.

Figure 2.1 Star ratings for overall and HR department for top tech companies [5]

The chart shows the top rated company is Google, with a 4.5 star rating for overall and a 4.5 star rating for the HR department, followed by Microsoft with a 4.4 star rating overall and a 4.5 star rating for the HR department. The worst star rating for the HR department is Amazon, with a 3.7 star rating.

### Positive reviews

Positive reviews reflect what a company is doing well.

Reviews can be used as a metric to distinguish various aspects which employees are concerned with or notice about their company. They can be used to identify points of pride within a company or aspects that need to be addressed with a solution. Positive reviews can be used to analyze the effectiveness of an HR department through the perspectives of company employees to see if there are problems that are persistent within a company that could have been addressed by the HR division. If an employee population has a general consensus of content, the company’s HR division is inferred to be proactively helping the employees with interpersonal problems and growth within the company. A relationship between employee feedback and a company’s HR division can be inferred as the more HR best practices points the reviews reflect, the more effective an HR division within a company is. These top five reviews shown in the following charts can provide insight to whether or not the company’s HR division is enacting the best practices of HR.

The following pie charts reflect the most common positive reviews left by employees of Microsoft, Amazon, Google, and Apple.

Figure 2.2 Most popular positive feedback about working for Microsoft [5]

Employees are reporting they receive support from the company in a respectful environment with clear opportunities for career growth, including flexible hours. This is a reflection on the HR division based on the best practices of an HR division. These reviews reflect how employees have security within the company due to supportive and flexible management, self-managed and effective teams due to a professional work environment and guidance from coworkers and management, and employees have access to information about advancement in the company.

Figure 2.3 Most popular positive feedback about working for Amazon [5]

The Amazon employee reviews reflect how employees have some sense of security in their career due to the enjoyment of the work environment and the good pay and benefits, and enjoy working with cooperative teams. A reflection of the HR best practices of providing security to employees, and having self-managed and effective teams.

Figure 2.4 Most popular positive feedback about working for Google [5]

The Google employee reviews reflect how employees are getting trained in relevant skills, have security in their career, and have great benefits. This represents the HR best practices of providing security to employees, and training in relevant skills.

Figure 2.5 Most popular positive feedback about working for Apple [5]

The Apple employee reviews reflect how employees have security in their career with good pay and benefits. This is a reflection of the HR best practice of providing security to employees.

### negative reviews

Negative reviews reflect what a company needs to improve.

Negative reviews are a reflection of what employees are experiencing in a company that should be changed or addressed that hasn’t been yet. Negative reviews are often left after all other methods for resolution are exhausted, including reaching out to HR. Negative reviews can provide direct insight into whether or not an HR division within a company is effective at dealing with employee problems and supporting employees within the company. The more HR best practices that are in contradiction with the negative reviews, the more ineffective the HR division within that company is. If these best practices were being used in the HR division, these complaints would likely dwindle.

The following pie charts reflect the most common negative reviews left by employees of Microsoft, Amazon, Google, and Apple.

Figure 2.6 Most popular negative feedback about working for Microsoft [5]

The Microsoft employee reviews reflect how employees don’t think the performance reviews are fair and impersonal, middle-management is poorly operated and therefore affecting teams. These problems reflect that the company doesn’t incorporate the HR best practices of self-managed and effective teams, selective hiring for hiring the right people, and fair and performance-based compensation.

Figure 2.7 Most popular negative feedback about working for Amazon [5]

The Amazon employee reviews reflect how employees have a bad work/life balance and there is high competition in their work leading to a low sense of security, and getting a hold of HR is difficult. These complaints demonstrate how ineffective the HR department is at the company due to the fact that employees cannot get into contact with HR in the first place. These complaints are also in contradiction with the HR best practices of providing security to employees, and making information easily accessible to those who need it.

Figure 2.8 Most popular negative feedback about working for Google [5]

The Google employee reviews reflect how employees struggle to grow in their career at the company, and getting into the company isn’t fair with an almost random style of hiring. These reviews are in contradiction with the HR best practices of selective hiring for hiring the right people, fair and performance-based compensation, and making information easily accessible to those who need it.

Figure 2.9 Most popular negative feedback about working for Apple [5]

The Apple employee reviews reflect how employees have no work/life balance with long hours, are working in very stressful environments leading to no job security, and career growth is very difficult. These complaints are in contradiction with the HR best practices of providing security to employees, and making information easily accessible to those who need it.

### Company comparison analysis

All four major tech companies, Microsoft, Amazon, Google, and Apple, all had HR best practices featured in their most common positive reviews which means these companies do have a function HR division to some extent which does impact the reputation of the company. Based off the star ratings for each company, Microsoft holds a 4.4 overall and a 4.5 HR rating, Amazon holds a 3.7 in overall and HR, Google holds a 4.5 in overall and HR, and Apple holds a 4.3 in overall and 4.2 in HR. This means that overall, Google is the most well-liked company to work for, followed closely by Microsoft.

The reputations of Google and Microsoft are high and are reflected in the star ratings. The positive reviews reflected that Microsoft had the most HR best practices reflected in their reviews, followed by Google and Amazon. The negative reviews provided even more insight into the HR divisions at the companies with Amazon having the most contradictions with the HR best practices, even having one of the top five most common reviews being that getting into contact with HR was extremely difficult, followed by Google and Microsoft. These insights show how an effective or ineffective HR division can have lasting impacts on a company’s reputation.

## Company reputation & employee satisfaction

This section provides proof of how important is the HR department in the company’s reputation. we have gathered data on four big technology companies Microsoft, Amazon, Google, and Apple. Based on our theory, the company will earn its reputation, the reviews in general are positive, if its HR department has a clear strategy to keep their workforces to work for them as long as possible.

### employee satisfaction

In order to analyze how the HR department could affect the company's reputation in its employees’ perspectives, we dive further on comparing between 4 companies, Microsoft, Amazon, Google, and Apple by the three criteria: early turnover (years); how long employees are staying? (years); and multiple sources of employee’s rating on their HR departments as well as rating on the companies.

**Figure 3.1 Employee Ratings**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Criteria** | **Microsoft** | **Amazon** | **Google** | **Apple** |
| **Early turnover at 25 percentiles (years)** [1] | 1.3 | 1.1 | 1.3 | 1.2 |
| **How long employees are staying? (years)** [2] | 1.81 | 1.84 | 1.90 | 1.85 |
| **Employee’s rating on HR departments (scale 1-5, 5 being best)** [3] | 4.3  (Out of 36,005 votes) | 3.8  (Out of ‎100,120 votes) | 4.5  (Out of 26,710 votes) | 4.5  (Out of ‎26,803 votes) |
| **Employee’s rating on companies (scale 1-5, 5 being best)** [4], [5] | 4.2 | 3.5 | 4.3 | 4.2 |
| **Employee’s rating on companies (scale 1-5, 5 being best)** [3] | 4.4 | 3.7 | 4.5 | 4.3 |
| **Employee’s rating on companies (percentage of positive review)** [7] | 79%  (Out of 2510 reviews) | 78%  (Out of 7695 reviews) | 86%  (Out of 1401 reviews) | 76%  (Out of 1018 reviews) |
| [1] Software Engineers Tenure in San Francisco. 11/21/2021. <https://hackerlife.co/blog/san-francisco-large-corporation-employee-tenure>  [2] Travis Kalanick lasted in his role for 6.5 years — five times longer than the average Uber employee. 11/21/2021. <https://www.businessinsider.com/employee-retention-rate-top-tech-companies-2017-8>  [3] glassdoor. 11/21/2021. <https://www.glassdoor.com/member/home/index.htm>  [4] Compare working at Microsoft vs Amazon.com. 11/21/2021.[**https://www.indeed.com/companies/compare/e3a48f8a4a788271-caff23281376b83d**](https://www.indeed.com/companies/compare/e3a48f8a4a788271-caff23281376b83d)  [5] Compare working at Google vs Apple. 11/21/2021. <https://www.indeed.com/companies/compare/d5cd619626c9f6f7-6e7b40121fbb5e2f>  [6] What is employee turnover like at Microsoft?. 11/21/2021. <https://www.quora.com/What-is-employee-turnover-like-at-Microsoft>  [7] Transparent company cultures, brand reputations & salaries. 11/21/2021. <https://www.comparably.com/>  [8] New reports examine Amazon’s strained ‘employment machine’ and alleged race problem. 11/21/2021. <https://www.geekwire.com/2021/new-reports-examine-amazons-strained-employment-machine-alleged-race-problem/> | | | | |

### analysis

According to Abtin Rasoulian, who collected public data profiles on more than 10,000 software engineers in the San Francisco Bay Area, it seems to be Amazon is the company that is left behind in terms of holding their employees. 25% of their workers leave the company after only 1.1 years of working. Microsoft and Google are a bit higher out of the four companies with 1.3 years.

Becky Peterson, in his article, mentioned about the average duration in years that employees are staying and contributing to the companies. Google really stands out with 1.90 years. This number helps us to recognize the trend after various employee’s rating sources.

Employees’ rating on their own company HR departments have started to demonstrate a trend among the four companies. By more than 100,000 reviews, almost triple the other three companies, Amazon is left behind with 3.8/5 employee’s satisfaction. With more than 180,000 reviews have been collected by glassdoor.com, we can be convinced that the number reflected the reality of how employees’ impression on their companies

The last three criteria are different online sources that employees have reviewed about their satisfaction toward their own company. Going through the data, we will start recognizing the trend that Google is the best company out of the four, in terms of having their workers to work for a longer period. We can also see that in the first two criteria with early turnover, and the working period. On the other hand, Amazon is the one who needs to improve their strategy in holding their employees. According to the NYT, Amazon turnover rate is extremely high with 150% a year for hourly associates.

## challenges

There were some obstacles that we faced in order to collect the data to analyze. There were not many numbers about the company that were published. For instance, total number of HR employees, turnover rate, ratio of HR professionals to employees, etc. However, we could still manage to find online sources that collect employee’s review which can present the pattern and reflect how people think about their companies. From that, we were able to conclude how the HR department could affect the company’s relationship with the workforce.

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