COMPARATIVE ANALYSIS OF HRM STRATEGIES IN IT CORPORATIONS

Introduction

The article presents an analysis of HRM in the biggest IT corporation. Each one aims at acquiring the best candidates to work: aces, talents and A-class employees. However, once they hire them, corporations apply various strategy of managing that most important asset of every company. The aim of the article is to show the differences in the approach to human capital in corporations and – on the basis of the opinion of experts – to point at the strategy that leads to the best results.

1. HRM strategies

There are many symptoms indicating that of all company functions the personnel function has undergone the most significant evolution in the last few years. Already in 1980s a trend appeared to treat human resources as the resources of strategic significance to company.

Human resources have strategic significance when they ensure the uniqueness, and consequently the competitive advantage when they are indispensable for an organization to survive and develop. In 1990s there was a shift from the emphasis on the qualitative HR aspects to their innovativeness. The decisions that are made on the level of strategic HRM are frequently non-standard and of key importance.

1.1. Types of personnel strategies

Personnel strategy should be closely connected to the general company strategy. The implementation of a personnel strategy involves:

- strategic analysis of the staff,
- the determination of HRM strategy on the basis of the general strategy preceded by a strategic analysis of the staff,
- the determination of personnel sub-strategies (e.g. selection, training, etc.).
• the implementation of personnel changes resulting from the strategy and further controlling operations.

Personnel strategies are most commonly divided into:

• offensive (aiming at a dynamic growth of personnel acquired externally and then assessed through its work results/efficiency, e.g. the SITA strategy) and defensive ones (concentrated on the existing staff and focusing on the assessment of their work quality, development and loyalty, e.g. the human capital strategy),

• „entry”-oriented (i.e. focused on the processes of recruitment, selection and activating the newly employed staff, and “exit”-oriented ones (redundancies).

Among other divisions of HRM strategies, due to its simplicity, the employers most commonly accept the division into SITA, human capital and mixed strategies 1.

2. Apple as an example of the SITA strategy

Acquisition of employees

Apple employs over 70 thousand permanent and temporary staff. Despite the significant number of the employed, the company follows the principle that it should employ only the best, A-class workers. However, when it comes to recruitment, the company is fairly reserved as regards the announcement of the vacancies. Until recently, Apple has not been announcing the information on recruitment or social portals. The company website www.apple.com/jobs and the employees themselves who recommended candidates and acted as recruiters are the main source of information for the candidates. For everybody who wants to find employment in Apple, the website is the basic information source about the company. However, it differs from the majority of such sites as it does not include data on the company or job positions (such as the requirements, benefits, remuneration, working hours, etc.). Instead, the candidates will find there inspiring photos and slogans that aim at raising their excitement. On the website, they can learn about the company’s values. Apple withdraws from a typically corporate approach and places emphasis on open minds, inspirations, innovativeness and changing the world for the better. One may have the impression that the website is to have an impact on the applicant’s imagination just like Apple products that influence the imagination of the millions of its customers2.

The website also includes some curios that present Apple as a place of challenges, perfection and innovation.

Having gone through the slogans, the candidates can start searching for vacancies.

However, it is not only the website to assist in the acquisition of staff. Apples has always aimed at the acquisition of the best employees on the market, even at the cost of stealing them from the competitors.

In order to support that process, the company developed an interesting system of recommending the candidates by the company employees. The process includes presenting special business cards to all individuals that are considered worth recommending by the staff members. The employee who recommends a successful candidate – the one that turns out to be a talent – may receive an award of up to 5000 USD.³

If Apple finds an exceptional talent or a specialist, the price is not an issue. However, it is often not the money but the sole opportunity to do something unique that speaks to the candidates. The anecdote about Steve Jobs encouraging J.Sculley, the author of the commercially successful Pepsi Challenge campaign, to work with Apple may serve as a good example⁴. Job’s attempts (by some referred to as the courtship) to hire Sculley lasted almost two months. Sculley, although interested in the work with Apple, remained undecided until the moment when Jobs said the line which entered the canons of negotiations: Do you want to sell sugar water for the rest of your life or do you want to come with me and change the world?⁵

Apple was never particularly interested in promoting vacancies or even its own products on social portals. The conviction about the uniqueness of the company, together with the excellent financial results, resulted in ignoring the existence of such portals as Facebook or LinkedIn. However, that approach began to change due to the weak results in 2013. Apple has employed Angel Ahrendts⁶, the creator of the media success of the Burberry boutique stores, whose aim is to improve the image of Apple in media, particularly on the Internet and social services. Thus, one can expect some more activity of Apple on the Internet, which will also include online recruitment.

The recruitment process

---

⁵ Ibidem.
⁶ P. Kornaszewski, Dyktatorka mody w Apple, „Forbes” 2014, No. 3.
The stage of the collection and analysis of the applications is followed by a next step, which may last from one day to even few months, depending on the time limit, the complexity of recruitment and the status of the position. On the Internet one can find several comments from people who were subjected to the recruitment process in Apple either with a positive or negative result. It can be concluded that the procedure of both internal and external recruitment is highly controversial.

The biggest controversy involves underestimating the potentials of the company’s own employees and ignoring their applications, which is typical for the SITA strategy. Many people complain that being promoted in Apple is practically impossible as the employment of new staff from outside the company is preferred. It is difficult to state whether such a situation is related to Apple’s preference to external recruitment and the search for A-class talents or the reluctance of the management to undermine the existing positions by promoting the employees who are doing their job very well. Nevertheless, such an approach on the part of the management affects negatively the morale of the staff, who feel underestimated and see no opportunities for professional development.

The first stage, i.e. the analysis of the applications, is followed by interviews. The first step includes telephone conversations or videoconferences. Then successful candidates attend a face-face-to-face conversation, which usually ends either in the rejection or acceptance of the candidate. Numerous candidates who reached that step were very critical about it. Although the interview itself and its positive atmosphere were evaluated favourably, the lack of prompt reply as regards the final result were considered inacceptable.

Moreover, numerous applicants complain about the arrogance of some recruiters, who consider themselves a higher category people, do not treat the applicants with proper respect and criticize their skills and attitudes. What is more, one should not ignore the existing age discrimination. The candidates aged 40+ applying for jobs in Apple shops, despite having adequate abilities and experience and getting through the recruitment process, seem not to suit the image of a company that prefers young people (that is another feature of the SITA strategy).

First day at work

After the recruitment and signing the preliminary agreement, the new employee usually does not know what he/she will be doing. That is because of the company’s obsession to keep in secret the information about its new products. Even during the first meeting with the new colleagues, most of them cannot reveal to the new staff member what they are working on as the project is top secret.
The first day usually begins with a preliminary training during which the new employees receive a welcome package (a company pass, gadgets to help you identify with the company, e.g. a T-shirt, etc.) and a set of forms to complete and submit to the HR department. The aim of such meetings is to build a bond between the company and the new employer. A coupon for a free lunch is some kind encouragement (in fact, the only one experienced in Apple). Every new employee is faced with his/her first challenge: connecting the computer. According to the company, the new employee should be well acquainted with new technologies and intelligent enough to configure the connection with the network and company servers. Nobody else will do that for them.

However, the thing that new employees remember best after their first day at work is the security training concerning company’s recent research and projects. That is due to the fact that Apple, among all big players in the IT sector, is best known for its policy to give a high profile to its newly launched products. Any information leakage on a new product may ruin the marketing strategy and result in huge losses. Thus, one cannot be surprised that the involvement in such a leakage ends up in an immediate dismissal. One cannot be surprised that most of new colleagues are reluctant to talk with the new employees about their work.

The ubiquitous secrets are typical for Apple. From the very beginning S.Jobs emphasized the need to keep in secret any information concerning new products and only on the launch date did he present his work to the world.

The fact that many employees do not know what the colleagues in other department are working on is a standard in Apple which in other corporations would be unacceptable. The company pass usually gives an employee the access to clearly defined particular places. It often happens that managers do not have the access to rooms where their subordinates can easily enter and where a secret project is under development. It is often the case that two different departments are unaware of the fact that they compete with each other working on the same product. Sometimes departments work on particular tasks without the knowledge where their product will be applied. As one manager put it: “we have cells, like a terrorist organization. Everything is on a nee-to-know basis.”

Apple’s obsession about secrecy is a deliberate strategy. The company wants to keep the information about a new product in secret as it could badly harm the models on the market. Revealing the details could have an impact on the purchasing decisions of customers who – because of the new functions or the fear of the lack of compatibility - might give up buying products accessible in shops.
Motivating the employees

Salaries in Apple is another issue. The average remuneration of regular employees is not particularly high. For example: a salesperson in an IT shop – 2080 USD/month (the average sector salary is 2600 USD), service technician – 2300 USD (with the average of 2800 USD in the sector). And it has to be said that the work in Apple often involves overtime and the rejection of family life. Thus, pay may appear insufficient and disproportionate to the effort. Moreover, salary raises occur very seldom if not never. The salaries in such competitive companies as Google or Facebook are usually higher and the working hours are more acceptable. Moreover, the salaries of workers that are of key importance in any IT sector company, i.e. the engineers, are lower than with the competitors (average salaries amount to 11,700 USD, 15,000 USD and 12,500 USD in Apple, Google and Facebook, respectively). However, the salaries of managers and executives are significantly higher in Apple (a manager of the IT department in Apple earns 13,300 USD while the average in the sector amounts to 7,100 USD).

That means that Apple is interested in acquiring and keeping the employees that are decisive as regards company’s position on the market and it wants to attract the talents. A significant contrast is visible between the salaries of regular and key workers, which results in the fact the first group may be an easy prey for other companies in the sector even at the pay raise of 500-6000 USD. Thus, a question arises what they receive in return for fairly low salary and hard work. The shares received by the staff are certainly such an efficient instrument of financial motivation. They are not only the sources of their income but also a way to increase their commitment to the company\(^7\).

In order to increase their attractiveness on the labour market, numerous companies provide their staff with – apart from the remuneration – some extra benefits. However, the accessibility of benefits in Apple is marginal. The only benefit that is appreciated by the employees are high standard health care system and discounts for company products. Of course, there are such things as company canteen, coffee place or a gym but they are not free. Apart from material instruments, a particular role in motivating the Apple staff is played by non-material incentives, among which the most important one is undoubtedly the company mission.

As S.Jobs put it, Apple is not a common manufacturer of goods but a company that everyday influences the lives of people worldwide. It is not difficult to have the impression

---

\(^7\) A. Lashinsky, Sekrety…, op. cit.
that it is the feeling of participating in something big that encourages outstanding specialists in their fields to work particularly for Apple. In the Silicon Valley there are companies that pay and care more about their employees and leave them much more free time for their private lives. Yet, there is something in Apple that was built for years and is deeply in the minds of company customers all over the world. According to the Apple employees, it is the realization that so many people use their products and that they have such an impact on the customers’ lives that makes them so proud.

The creation of the mission of company as the one that gives the opportunity to achieve something unsurpassable that one can be proud of refers to the top group of needs in the Maslow’s hierarchy, i.e. to the need of self-actualization.

S. Jobs’ pirate strategy that he applied in 1984 when working on the McIntosh computers is an example of referring to the needs of self-actualization and feeling of exclusiveness. He compared his employees to a bunch of pirates or rebels who are to disrupt the corporate status quo in the name of higher values. The strategy included the mobilization to fight against the enemy (i.e. the monopolists represented by the Windows operating system, record companies that force customers to buy complete records instead of separate pieces of music or Android-based devices that shamelessly copy the solutions applied in iPhones and iPads.)

The fact that Apple strives to employ the best A-class employees constitutes - apart from the mission – an additional incentive. It is a rule that there is usually a rivalry between the best. Although, in line with the mission, everyone contributes to the welfare of the company and Apple brand, the rivalry cannot be avoided. And the company can transfer it into a success.

Development path

Planning the employee career paths is visible mainly in big corporations, which do their best to support their employees in career development and offer the opportunities of climbing up the corporate ladder. An average employee development plan assumes that once a year (or every half year) employees meet the superior or HR manager to assess their progress in the previous period and to define development targets for the next one as well as the best conditions to achieve them.

In Apple such a programme is practically nonexistent. One may even venture to say that it would be against the company’s interests. The company is not particularly interested in promoting its staff. The way of reasoning is simple. If they employ a specialist who does

---

his/her job perfectly, a promotion and additional responsibilities do not make any sense. It is better to hire an external candidate who is specialized and experienced in doing the job on that higher position.

Moreover, having in mind the policy of confidentiality, it is difficult to plan career path for an employee when his/her own superior does not know future tasks, projects and work teams. In Apple the situation changes dynamically and the employees often learn overnight about their transfer to a new project. Such a situation makes it difficult, if not impossible, to prepare an employee career path with regard to his/her usefulness to the company.

It does not mean, however, that Apple does not place emphasis on the development of individuals. The employees are encouraged to develop their skills and to learn new things. However, in contrast to other companies, Apple leaves the development to the employees themselves believing that they will not want to stay behind the others.

Work - personal life balance

To maintain the balance between work and private life is one of the most important issues in corporations that care about their staff. However, there is no such attitude in Apple. The company does not even try to conceal the fact that it values hard work only. When describing S.Jobs’ point of view, J.Nocera wrote in the Esquire that Apple had become an absolutely magnificent place to work but he did not have in mind a generous pay or benefits that no one could resist. He meant that it was an environment in which employees would work so hard and such long hours under the pressure of deadlines and with the burden of responsibility that they never expected to cope with, without talking days off and rarely having a free weekend, and they would not mind that. They would be happy and they would reach a point when they would not be able to live without work, responsibility and the pressure of deadlines. It is the environment in which people are united by work with Apple, which creates a bond that cannot be understood by anybody who has not experienced it.

Conclusion

The HRM strategy is based on the SITA strategy, which is testified by:

- a substantial supply of candidates, which gives the opportunity to screen them in order to find the best ones (A-class workers, talents, geniuses – which is a job title in Apple Stores),

- the application of a simple and cheap procedure of staff acquisition:
  - non-standard website,
  - finding and recommending new employees by the staff members,
  - an increasingly widespread application of social portals,
o job interviews.
• age discrimination,
• a specific motivation system where – instead of salary – the main role is played by:
  o company mission (to serve the humanity),
  o pride to work with the company,
  o the need of achievement and self–actualization
  o company shares.
• exploitation of employees – there is no work/life balance,
• no career paths,
• limited opportunities for training paid by the company – the workers should increase their expertise on their own by training and self-improvement.

3. Facebook and Google as the examples of human capital strategy
   3.1. HRM in Facebook

   In Facebook, as well as in Google, the staff is the greatest company resource. Its care about the employees is reflected by free gyms, video rooms, small cinema rooms, bathrooms with showers and free shuttle services for the workers whose journey to work takes at least one hour. Additionally, the employees have access to free ice-cream, sweets or barbecue and every Friday they are offered alcohol. The company’s consent to drink alcohol at work is extremely unusual. It is a sign of trust to the subordinates on the part of managers – if the workers are trusted in what they are doing, one can trust that they will not abuse the alcohol. Moreover, the workers are given by Facebook an unlimited number of sick days as the company believes that the employees love their work so much that they will take days off only in emergencies. According to Glassdor.com, Facebook is loved by its workers. In 2013 it got the Best Employer Award with the average grade as high as 4.7 and the support of M.Zuckerberg, the CEO amounted to 99%.

   Recruitment and adaptation

   Staff recruitment is conducted under the slogan Choose Your Future. Facebook has a unique system of staff acquisition. A university degree is not required. That is related to the fact that the founder and CEO did not complete his studies himself in order to have time to concentrate fully on Facebook. What is more, in contrary to other companies, Facebook offers
its new workers as many as 6 weeks to adapt. At that time they work on different projects. Everyone has a personal mentor whose task is to help in the adaptation process. After the 6-week period, the new employee has the right to choose the project that he/she likes best and would like to work on.

Risk for progress

Facebook is a complete opposite to Microsoft as regards the attitude to innovations. The employees are encouraged to make challenging decisions as they frequently stimulate progress. One of its mottos is “The biggest risk is not taking any risk” as Facebook is afraid of missing an opportunity rather than taking a risk. It follows the principle that it is better to innovate than miss the right moment Another slogan says that “done is better than perfect”. Such an approach differs significantly from Apple’s obsession on perfection.

Complete openness

It is difficult to find a place in the company that (as it is the case with Apple) would be closed. The concept behind it is that open space and the lack of separate work stations should encourage the staff to integrate and establish new contacts, which consequently generates new ideas. Moreover, every employee is given access to the greatest possible amount of information about company’s operations. The open Friday meetings with M.Zuckerberg, the CEO have the same objectives; everybody can come to the meeting and share his/her ideas or receive the answer to a problem.

Hackathons

That is an example of one of the most interesting rituals in the company. Hackathons are long lasting sessions (marathons) during which a substantial number of programmers co-operate on their projects without a moment’s rest and present to one another any possible and sometimes crazy ideas. In the course of that specific brainstorming such ideas emerged as the famous “I like it” button or “time axis”.9

3.2. HRM in Google

Google is undoubtedly one of the best and most interesting employers in the IT sector. The legendary approach of the company to provide its staff with all sort of attractions is well known. The employees can enjoy themselves and relax in special rooms where they can play games, do sports or even have a nap. Every day, the company canteen provides free meals,

---

including sushi or sea-food. Google care about the design of rooms, particularly about the colours, to make the working environment employee-friendly.

Openness

The company definitely supports a democratic style of management. All employees are treated equally. Everyone can present an innovation, influence the development direction of the company and have an insight into company’s operations. Every two weeks employees receive a newsletter which includes information about the company and answers to employees’ enquiries. That policy differs completely from the secrecy of Apple. What is more, the approach to revealing the information about new products is also different. The company often shares beta versions of its applications instead of hiding them till the launch date. As a result, numerous users can test them, report on any problems and present ideas as regards the improvements of their functionality.

Google cares about the conditions for professional and personal development. Due to the fact that the company is in favour of long-term employment, which is typical for the human capital strategy, the HR department continually offers new ideas to support self-development, useful trainings and various forms of assistance. Such approach is supported by a well developed staff assessment system and a promotion scheme that is backed by planning individual career paths. Staff assessments, although they are mainly completed by superiors, are revised by peers from the team or other organizational units. Thus, it approximates the new 360-degree assessment, which is more objective than assessments conducted by one person. The management is also subjected to assessment through feedback surveys that are completed by their subordinates and which often suggest what managers can improve in their work. Regular workers are always free to present their comments and ideas concerning company products or its functioning.

Conclusions:

When analyzing Facebook and Google as the examples of the application of human capital strategy, the following features of that strategy can be identified:

1. a democratic approach to managing, which is reflected by treating all the staff equally:
   - encouraging to innovate,
   - informing about the current condition of the company,
2. sharing beta versions of products to the users,
3. taking care of staff development through 360 assessment system and career paths,
4. taking care of company premises,
5. providing the staff with entertainment and conditions to rest and relax,
6. numerous benefits: free canteens, gyms, transport to work, etc.

On the whole, the human capital strategy involves comprehensive care about the employee.¹⁰

4. Microsoft as an example of mixed strategy

Today, Microsoft - which used to be Apple’s greatest competitor in the IT sector - is mainly considered a monopolist on the market of operating systems that the users would eagerly move away from if they had the opportunity. The key moment for the development of the corporation was the withdrawal of B.Gates from the position of CEO.

After he left, the production line did well (Windows XP and Windows 7 were evidently successful). However, disagreements between divisions became an increasing problem that had a destructive impact on the functioning and development of the company.

According to specialists, the HRM model in Microsoft is one of the worst and it results in the loss of creativity and innovativeness. Teams have their own ratings of team members, which may disorganize their work. The ratings have to identify a constant percentage of the best, average and the worst employees. Although there is nothing bad in competition, the system may result in the fact that the workers do not contribute to the company success but they fight against one another for better ranking. What is more, former Microsoft workers point at problems with submitting innovations. The case of the first mobile touch device that Microsoft had already in 1998, i.e. almost 10 years before iPad, is a good example. The concept was promptly “killed” due to the lack of its compatibility with the Windows and Office interfaces. Today it is obvious that it was a big mistake to abandon touch devices because of the interface. Similarly, one of the designers spotted the trend to place short post on the AIM communicator. Microsoft Messenger did not have such a function but it would not be a problem to adjust it. That mistake on the part of Microsoft was taken advantage of by Facebook, which was a great success.

The image of a monopolist

Despite comparatively high salaries, a perfect health care system and generous benefits, the main problem of the company is – according to its employees – its decrease in

attractiveness as an employer to new talents. As a result of inflexible rules of operation, the reputation of a monopolist that co-operates with the government and intelligence agencies, as well as the fact that the company image suffered under S.Ballmer, Microsoft is not any more as attractive to candidates as Apple or Google.

The appointment of S.Nadella, a long-time employee and software engineer, to the position of CEO in 2014 is an opportunity to change the company image and become open to prompt changes. That will result in the fact that a legendary brand related to the Windows operating system, the impressive number of company projects and their impact on the global surrounding of the company should attract new talents and programming and IT enthusiasts that will be happy to be a part of something of substance.

When evaluating the HRM strategy in Microsoft as a mixed strategy, the following advantages and disadvantages can be given:

Advantages:
- a fairly reasonable remuneration in comparison to other IT giants,
- a very good health care system,
- excellent, employee-friendly working conditions (including work stations, meeting and relaxation spots) as the indicators of human capital strategy.

Disadvantages:
- ineffective organizational structure based on fierce rivalry between departments,
- internal ranking lists of employees within team groups based on arbitrary normal distribution, which disorganizes the work of the team and leads to fierce competition within the team,
- “no” to innovations, which resulted in killing numerous ideas (e.g. touch screen, short posts),
- the loss of attractiveness of the company to young talents.

Fierce rivalry and the suppression of innovativeness are factors often related to the SITA strategy as the element of mixed strategy.

Conclusion

The ranking list of IT companies that was published by Glassdor.com in 2014 testifies best to the effectiveness of the three HRM strategies analyzed above. The list was based on the following criteria:
company organizational culture and the resulting values,
work/life balance,
management,
remuneration and benefits,
the opportunities for career development.

Table 1. IT company rating

<table>
<thead>
<tr>
<th>Rating</th>
<th>Assessment (0 – 5)</th>
<th>Approval of CEO</th>
<th>Employee recommendations to work for the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>4.6</td>
<td>97% M. Zuckerberg</td>
<td>92%</td>
</tr>
<tr>
<td>Google</td>
<td>4.2</td>
<td>95% L. Page</td>
<td>91%</td>
</tr>
<tr>
<td>Apple</td>
<td>3.9</td>
<td>93% T. Cook</td>
<td>81%</td>
</tr>
<tr>
<td>Microsoft</td>
<td>3.6</td>
<td>82% S. Nadella</td>
<td>77%</td>
</tr>
</tbody>
</table>


The conclusion from the table is simple. The best rating from consulting companies and the employees was achieved by organizations that apply human capital strategy.

Moreover, the Millward Brown list of 100 world Top Brands presents Google, Apple and Microsoft in the first ten positions (1, 2 and 4, respectively). Although Facebook ranks 21st, in the period under evaluation (2013/2014) its brand value increased by 68% and it moved 10 places upwards. The list shows clearly that these companies are the leaders among technological companies.

Bibliography


---

11 http://www.glassdor.com
Abstract

The article presents a comparative analysis of HRM strategies applied by the biggest IT corporations: Apple, Google, Facebook and Microsoft. For the purposes of the analysis, from among personal strategies three most common ones were chosen due to their simple assumptions: the SITA strategy, human capital strategy and a mixed strategy. The advantages and disadvantages of each strategy were evaluated. On the basis of the opinion of the experts from an American portal Glassdor.com, a ranking list of strategies was made from the point of view of their beneficial effect on corporations.