

San Jose State University

Project 3: Intel Company Evaluation

Divya Bodapati

Yarcy Cortez

Justise Gonzalez

Kristy Nguyen

Nga Nguyen

Hugo Ramirez Ocegura

Executive Summary

Intel is a large technological company that specializes in making semiconductor computer circuits (Hall, 2021). According to Intel, the structure of their compensation and rewards program includes annual and quarterly bonuses, stock programs and restricted stock units, as well as base pay (2019). In addition to their compensation, they offer a variety of employee benefits that allow employees to continue to want to work with Intel. This company's compensation package ensures that employees' careers and lives not only work with Intel but also grow with the company. They also provide a great amount of vacation time to help reduce employee burnout. Although Intel offers an appealing benefits package, there are some discrepancies with their base pay. According to Glassdoor, employees state that Intel offers a lower base pay than its competitors. Based on our research, some recommendations that we have is to increase the base pay average, give employees the opportunity to work from home, and implement a hybrid program. Overall, Intel has many strengths to their compensation package, but there are also some areas of concern that need to be addressed.

Company Background Information

Intel Corporation is an American multinational corporation and manufacturer of semiconductor computer circuits whose headquarters is located in Santa Clara, California. The company was founded in 1968 by two brilliant scientists and engineers Robert Noyce and Gordon Moore. From the first product access memory as published in 1969, Intel is now famous for many of its brilliant inventions, from physical products like processors, chipsets, memory and storage; to Intel technology like High Endurance Technology (HET), Smart Response Technology, etc. With the mission to create a better future for the world, Intel strives to provide its customers with world-class products and services, pushing the latest technology like Artificial

intelligence, cloud-to-edge technology and analytics to provide the future experiences that its customers deserve. In the field of manufacturing microprocessors and semiconductor components, some of Intel's top competitors that can be listed are AMD, IBM, Oracle, NVIDIA, and Samsung Electronics.

Intel Corporation is one of the pioneer corporations in the technology industry and has changed the world dramatically ever since the company was founded. For all the achievement and development, the company was recognized by many honorable awards and titles, including Fast Company Most Innovative, Fortune most Admired Companies, Working Mother's 100 Best Companies to Work For, and more.

As of January, 2021, Intel has announced its new CEO Patrick Gelsinger, marking another prosperous decade for the development of the corporation. According to the new CEO, his goals for Intel for the upcoming time can be listed as three big bullet points: to design and build great products; to become more agile, so customers can rebuild their trust and confidence in Intel; and to restore the culture of the company. As the first step toward its expanding plan, Intel has announced its plan to invest \$20 billion to build new factories in Arizona, marking Intel's attempt to step into the foundry business.

Pay Policies and Practices for Intel

Diving into Intel's compensations and rewards for their employees, we see that there are usual annual and quarterly bonuses that are based on company performance and profitability. They provide stock programs at a discounted rate as well as restricted stock units, which is a little less heard of for companies, to employees at all levels. Intel provides retirement programs of course in order to ensure employees are supported financially for the rest of their lives. There

is base pay which is aligned very closely with an individual's skills, scope, contributions, and results. Base pay goals are set in line with the market, while bonus payouts and stock programs are broad-based and include a premium when compared to peers. Base pay is reviewed and adjusted based on market and individual performance through our annual Rewards Planning process. Intel is unique in consistently rewarding eligible employees through two bonus programs—annually and quarterly—based on company performance and profitability. Therefore, eligible employees typically receive five bonus payouts per year. Intel believes in corporate recognition which they insist reinforces their culture and values through various Intel awards. We see this all the time in companies for moral purposes as verbal and award-based recognition makes for a better overall environment for employees to thrive. Intel gives real time recognition which means they provide opportunities for real-time recognition, in addition to your annual pay review. Peer recognition or special recognitions are all examples of rewards available throughout the year. By rewarding real-time, we reinforce the culture behaviors and contributions needed for a better Intel. Among other things, intel rewards employees with numerous other programs like the promise of life long learning in which they offer internal and external resources such as tuition assistance, classroom and online learning resources, career advisers, and more so employees can keep advancing their careers. They even make it a point to offer relocation services and have a team of dedicated professionals whose job it is to make the transition to a new location as painless as possible for employees and their families.

Identifying Compensation and Rewards

Intel offers many leading compensation and rewards that other companies in their industry don't

offer. Intel's pay is based on experience, job skills, performance, scope, and location. Of course

you would imagine experience and job skills because you find the same requirements in every job no matter the level. Even entry level jobs require some form of experience. The interesting part is definitely location because you don't automatically think of an employee from San Jose and someone from Texas doing the same work and getting paid differently. However, especially with the changes that Covid-19 brought I think that paying people depending on where they live is right. Someone that moves out of the bay area, but keeps their job should not be allowed to keep the same pay. Their base pay is not the only portion of their compensation employees of Intel also receives compensation through annual performance bonuses and even sales commissions. Other rewards that they also offer are corporate recognition and real time recognition which some might say is a waste but with corporate recognition employees are recognized once a year through a big event and with real time recognition they are recognized for their work that week, or that month.

They offer the standard benefits such as vacation time off, Medical, Dental, and Vision. While also offering industry standards like adoption assistance, child care programs, elder care programs, dry cleaning, fitness classes, and free healthy meals. The industry benefits are what caught my attention because I was trying to identify any problem area that Intel has in their compensation and rewards programs, however I ended up wanting to work for the company as Everything just sounded amazing! Offering programs for every step in an employees life will definitely retain the best talent. Now the biggest difference I did notice from employee reviews was that Intel was offering flexibility for their workers. I saw "best schedule i've ever had" and

“work/life balance is really good here due to bonding leave, and sabbatical” Seeing those employee reviews was the biggest difference when comparing reviews to a competitor (Nvidia) whose workers complained about the long hours because of time differences between teams/groups out of the country. The Nvidia employees complained about not having a life outside of work because of having to wait for different time zones. While Intel employees mentioned how they’ve never had a better schedule. Life happens and being able to adjust your The schedule is beyond amazing. Also, not many other companies offer sabbaticals anymore. Intel is definitely in a class of their own.

Strengths and Weaknesses

As stated earlier, Intel offers their employees an abundant amount of benefits. With that being said, let’s identify Intel’s strengths and weaknesses regarding their total rewards program.

One of Intel’s biggest strengths is that they firmly believe in investing in their employees’ lives and career. To do this, Intel promotes lifelong learning where employees are offered resources such as tuition assistance, classroom and online tools, career advisors, and job rotation. This definitely helps employees explore other areas that they might be interested in or they can use these resources to further develop their skills and abilities. Being curious, ambitious, and motivated to learn more is a big part of Intel’s culture. Furthermore, Intel assists in relocation services. This is a big strength on Intel’s part because there are so many talented candidates out there who would love to work for Intel but might not be able to if they are not located near an Intel location. By helping with relocation, Intel shows that they are willing to do whatever it takes to get the best of the best.

Another big strength that all employees can agree on is the generous amount of time off that they get. When employees choose to take time off to go on vacation with their families, Intel goes a step further by offering their employees discounts on car rentals, hotels, and theme parks. Finally, Intel stated that they support all types of leave such as family, medical, and military.

Although Intel offers a wide range of benefits, there are some areas where Intel could improve upon. The first has to do with pay. According to reviews on Glassdoor, some Intel employees were upset with their base pay because it was lower than what they had anticipated. With that being said, the industry that Intel is in is very competitive so if they want to get the best of the best, it might be a good idea to raise the pay. Finally, there were some reviews where employees were complaining about how raises were low. In one review, a current employee stated that raises were only 1-3% whereas the national average in 2021 is 3%. Giving employees a raise will boost their performance and make them want to stay with the company longer so adequate raises are necessary in the long run.

Effectiveness of Intel's Compensation and Rewards System

As stated before, there are many strengths and weaknesses to the compensation system that is being implemented at Intel. The main strength of their rewards systems is the variety of benefits that they offer. According to Intel, they provide employees with options in each of the benefits that they offer. They provide both annual and quarterly bonuses, personalized leave options, open communication regarding these benefits, and both real-time and peer recognition. All of these benefits can have many positive impacts on the work culture and overall work environment at Intel. As stated in the Seagate benefits presentation, the main purpose of providing benefits is to interest, keep, or hire future or current employees.

Taking a look at the initial positive benefit that Intel offers, which are the options of both annual and quarterly bonuses, there can be many positive impacts that this could potentially have. According to the lecture, bonuses are considered short-term incentives that are used in companies to further motivate employees. In Intel's case, having both an annual and quarter bonus system can provide double the incentive as simply having one annual bonus. Furthermore, another positive and effective aspect of Intel's compensation is that its benefits can be used for any employee. In other words, according to Intel, they offer a wide range of benefits and options for employees to choose from. For example, according to Intel, they offer something called a bonding leave for new parents that wish to take some time off of work to be there for their newborn kids (2019). Additionally, they offer medical leaves, military leaves, and family leaves (2019). This wide variety can now have a positive impact on a majority of employees from different age groups, different backgrounds, etc., so no employee feels that they are being undervalued. Now that employees see that they have many options and that they're being properly cared for, they are, in turn, more satisfied with the work that they end up contributing to. In addition to the variety of benefits and flexibility Intel's compensation package offers, they are also very open about how they pay their employees, both to consumers and employees themselves. They openly advertise their benefits package on their website so that potential employees or newly hired employees can easily know what benefits they qualify for. Also, according to David Ingram, Intel was one of the first companies to release its compensation data in relation to its diversity (2019). Lastly, Intel utilizes both real-time and peer recognition. What is especially useful about having peer recognition, is that it not only gives employees more of a voice but also allows multiple means in which employees can receive feedback. This alleviates some of the pressure off of higher management, while also making employees' voices better

heard. Overall, there are many aspects of Intel's compensation system that make it very effective and beneficial to its employees.

Recommendations

Intel is highly rated on glassdoor. The high ratings demonstrate it is a great place to work. Intel has competitors like Nvidia which is also highly rated. There are recommendations made from our research and observations. The first recommendation is to increase the base pay average. The pay range is wide compared to Nvidia. On the other hand, Nvidia has a higher base pay average. Both companies offer stocks, a sign-on bonus, and additional bonuses. This recommendation can help Intel compete with other companies. Another benefit is to decrease their turnover rate. Intel can also attract new candidates by having a high base pay average.

The second recommendation is to offer their employees the possibility to work from home. The pandemic took everyone by surprise, many companies had to offer their employees to work remotely. Before the pandemic, Intel did not offer their employees to work remotely. This recommendation would benefit Intel, but also their employees. It can promote mental wellness which is something they are passionate about. The possibility to work remotely can decrease the amount of time their employees use to drive to and from work. The time they save can be used to promote wellness like recuperating on sleep, going for a walk, or having breakfast.

A plan which would help Intel stand out is having a hybrid program. The program can let their employees choose on how many days they work remotely and go into the office. Salesforce recently shared that none of their employees will be going back to work in the office. The pandemic has switched the views on working remotely, it has demonstrated it can work. The plan would result in Intel changing their office sections, if many employees choose to work remotely or have an alternating schedule then the reserved office space may not be needed.

The final recommendation is to provide an equity incentive plan. After reviewing both Intel and Nvidia, they do not offer equity incentive plans. This would provide more benefits which result in Intel being more competitive.

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