

How does google's
organisational
structure contribute to
its innovative nature?
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Introduction

“ Google’s mission is to organize the world’s information and make it universally accessible and useful. 2” This is probably one of, if not the, most ambitious mission statement for any company worldwide. Shockingly, however, it seems that this statement may be feasible.

On its path to achieving its mission statement, Google has managed to pull in all the stops and has tried to provide every service it can think of to its consumers. By providing a range of services and a diversity of types of information online, Google has been named the most innovative company of 2007 by Fast Company magazine³. And through its radical working environment, facilities and services open to its employees it has also been acknowledged as the number one place to work by Fortune Magazine⁴ the past two years.

With two acknowledgements as large as those the question that I will try to answer in the following essay is how does Google’s organisational structure contribute to its innovative nature? I will look into organisational theory, find how Google organises its staff and try to build an understanding of the innovative nature that surrounds Google.

Organisational Theory and Design

Google’s philosophy regarding organisational design is that the fewer levels of hierarchy and rigid departmental structures, the better. This is very similar to what is called the “ Natural System Design” approach. The Natural System Design is the theory that contrasts the Mechanical System Design, see

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Diagram below to see how they each perceive staff. The five elements to this design theory are: horizontal structure, adaptive culture, empowered roles, shared information and collaborative strategy⁵, most of which can be detected in Google.

Google's horizontal structure ideas mean that rather than managers having departments for each specification, it has workers "continuously forming and reforming into self-directed teams that work on specific projects⁶," this means that the vertical hierarchy has very few people in managerial positions⁷, considering that Google has grown to over 10'000 employees worldwide. The Director of Web Products at Google, Marissa Mayer, explains this by saying that "Small teams can self-organize quickly, they can finish projects quickly, and they can move onto new projects quickly. 8"

Google employees are also being given empowered roles; they are the ones controlling their projects rather than a distant supervisor. This also adds to staff motivation, according to the Human Relations School. The workers of Google feel that they each have roles and are all contributors.

Shared information and transparency is something that is usually only applied effectively within small businesses, however, in Google these ideas are applied. Each project has a description, blog and running updates that are available to all in the company. This allows ideas to move quickly in all directions and decisions and changes can be made quickly.

Even though it does not have an official organizational structure the idea of small teams working on individual projects can be compared to a matrix

structure, where you also have small groups of people specializing in <https://assignbuster.com/how-does-googles-organisational-structure-contribute-to-its-innovative-nature-essay/>

different areas contributing to a single product. What is unique to Google though is that most companies will use a matrix structure for specific projects while keeping most of the staff working under a more regular organisational structure; Google, however, has a few managerial positions but most of the staff either works individually or in these matrix structured teams.

Motivation

Google's approach to staff motivation has many similarities to the ideas of the Human Relations School (HRS). The main perks of working at Google, apart from the salary, are all the free benefits to be had within the Googleplex; as an employee you have free access to everything from food to medical care, a gaming room to a gym with swimming pool to massages, all accessible from the office. This "fun" working environment goes a long way with Google's staff motivation; as mentioned earlier it was named the best company to work for in 2007 (see introduction).

If we consider the Herzberg's Two-Factor Theory, Google meets most of the criteria under the motivator's area (See diagram below). However, the key criticism made by a former employee⁹ is that there is not much room for Promotion Opportunities at Google; "There is no career development plan from individual contributor to manager." Due to Google's idealism that hierarchy is bad it does not supply a key motivational aspect to its staff.

Source¹⁰

Innovative Nature

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“ The marvel of Google is its ability, after 10 years, to continue to instil a sense of creative fearlessness and ambition, even as it has grown to more than 16, 000 employees. Prospective hires are often asked, “ If you could change the world using Google’s resources, what would you build?” But here, this isn’t a goofy or even theoretical question: Google wants to know, because thinking–and building–on that scale is what Google does. 11”

Originally, Google was created with the intention of simply being the best search engine; however, it has grown to be an incorporation that offers over 40 diverse products and services¹², a development that has led to its annual revenue rising from nearly \$3. 19billion in 2003 to over \$16. 59billion in 2007¹³.

This innovative nature of supplying tools that either supply or organise information is a form of branching out from Google’s original mission statement. The basis of Google’s innovative nature stems from their employees, or “ contributors,” as they are sometimes called. All the members of Google have mailing lists where they send all their ideas concerning new Google features; this is where nearly all of its applications, services and products are thought of. This is the core of Google’s innovative capability; the idea that good ideas do not need to come from the top but rather from everywhere within the company.

Another factor that benefits innovation at Google is the requirement that 20% of a Googlers’ work time should be spent on some sort of personal project or idea. It is during these allocated times that many prospective ideas are developed. To help these ideas come along the Googleplex has

rooms designed to start creative thinking. However, according to an interview with a former Google employee¹⁴ it's your own responsibility to start a "20%" project and that most people actually don't have a project most of the time and will instead save up their 20% sessions.

When discussing the innovative nature of Google you must also consider the very nature of the business. Google is originally a search engine, but ultimately it is just a website. This allows a certain freedom in terms of development that most other corporations can't achieve without an expensive physical expansion; online it is possible to add functions with something as simple as a link, physical businesses will need to create physical components to develop products. Having a popular website also allows the freedom of expanding in many directions, as we all know there are not many things that can not be found online in this day.

Conclusion

Google's has developed a unique form of organising its staff that has proved beneficiary to its development. In spite of its growth, it tries to retain the small start-up company ideals when it comes to developing new ideas and services. Of course, when innovation is somewhat dependent on staff ideas, the company becomes dependent on how many good minds it can attract, as well as keeping them motivated and engaged. Even though Google staff is given 20% time for a personal project, it is far from every person that will come up with a new service that ends up being used.

Though Google's organisational structure is a key factor towards its innovation, there are others that are, arguably, more important. It should not <https://assignbuster.com/how-does-googles-organisational-structure-contribute-to-its-innovative-nature-essay/>

be ignored that some of Google's key innovations, such as YouTube. com and Google Earth, are acquisitions, as well as the expansion opportunities credited to the World Wide Web. It should also be noted that it still only has one, though very effective, source of income; advertising.

However, Google has had ideas such as G-Mail, Google News, etc... Formed as a result of its innovative staff organisation and has through them, as well as other services, grown at a rapid rate and become one of the worlds most valued corporations.

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