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Assignment Title: Organisational Structure and Culture – a review based on Netflix's success in today's entertainment market

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Summary

Greatly planned business models have been at the core of a successful company since the beginning of economical times. With ever-growing technologies and developments, the demand increases. Thus, a company, in order to be flourishing, needs to implement a great organisational structure and culture and provide a workplace where cultural diversity and an overall state-of-achievement thrive. This essay aims to explore how a big business name, Netflix Inc., is blossoming in today's competitive entertainment markets by applying great means of corporative management and by outsourcing performance levels via suitable structures and applied culture.

Introduction

Netflix Inc. represents the name of a great structural organisation that embellishes cultural appropriation and work diversity with great staff satisfaction and remuneration. The enterprise is nowadays presenting itself as a software-based company that streams via network means TV shows and movies accessible via various means of electronics that display on their interfaces and through broadband internet various titles – tv series, shows, movies and more. Started as a video rental company in 1997, Netflix has introduced in 2007 an online platform called 'Watch Now' that allowed consumers to stream videos via personal computers. Although they started mainly streaming in the USA, with their headquarters in California, the company currently operates in 190 countries worldwide and has around 183 million members. Alongside streaming services, Netflix currently provides a DVD and Blu-Ray Discs rental service, idea that has been the turning point for the business since 1998.

Organisational Structures

The Organisational Structure represents one of the most important elements in the well-managing and success of a business. There are, nowadays, numerous types of structures, that suit different needs of the era and of the market businesses apply in, with most of the present successful organisations applying changes that suit their specific needs to the main worldwide known types. These types are as follows: flat structure, tall structure or hierarchy, with principles applied of span of control and chain of command, functional and divisional. As well, an organisation might choose to apply different constitutions depending on products or activities the business is concentrating on, areas of focus, mainly regional or geographical, customers targeted and functions of the company, all these applying the main principles of configuration based on functional and divisional models.

The Flat structure is a clear assembly of the organization that mostly applies to business that are either small or have the need to be flexible. In these cases, employees are mainly reporting to one main manager and the layers of management are lesser than in other structures. The processes within this structural type are less demanding and decisions are prompter, leaving business with a wider span of adaptation to changes. However, confusion may arise if not implemented well in terms of managerial-low work position

relations and, once a business increases in revenue, areas covered and production rates change.

A hierarchical structure, also considered to be a 'pyramid' of the business organisational model, is most commonly used in larger companies. The so-called 'chain of command' in this case follows a level-like figure of assembly, with employees ranked higher or lower on sequence and having different levels of authorization, decision-making procedures and specific area of focus. In this case, corporates have a clearer way of distributing authority and responsibilities and employees are more likely to progress and upskill in specific sectors. On the other hand, having such a discrepancy between departments, communication, decision-making and rivalry issues could arise, as employees tend to choose to use beneficial individual means rather than for the company altogether.

When it comes to using a span of control, companies are electing managers that directly control a certain number of employees. Whereas, a chain of command, provides a strict line of authority, implementing clear and focused chief-subordinates relationships and ways of work.

Functional structures focus on relational plans made for individual sectors, with each having a focal purpose within the company. This plan is clustering workers within departments that emphasize on functionality. For example, if a business is requiring an administrative and resourceful department, staff with such targets and tasks will be grouped in a specific sector, such as Human Resources. Divisional structures, on the other hand, aims to re-group people into working for meeting specific needs for customers and products.

Overall, companies may choose to opt for a certain type of configuration of work relationships, depending on different needs. Nowadays, the complexity of the market is requiring new business models to adapt and project ideas of work constitution by re-modelling the main structures and implement small changes taken from different structures that could suffice their model.

Organisational Culture

Culture represents an amalgam of values, norms, ways of thinking, attitudes, perceptions and beliefs within the company. A business is by far more successful if it applies a great structural culture, studies have shown. Through

this, employees that follow a good cultural template established beforehand by the company engage more actively and act accordingly, this resulting in higher employee satisfaction and greater workforce reliability.

This concept is based on three layers of standards that need to be met in order to implement a great cultural model: artefacts and attitudes, norms and values and shared basic assumptions. Management becomes, when creating a correct culture within the company, a key element, as by having a great managerial approach, the company is able to establish clearly the right thought and performance processes and communicate them effectively to staff.

Nevertheless, a company is subject to implementing a certain cultural view on staff, as there are many levels of culture in a business context that could imply reconsideration or different approaches. By this, models have grouped different types of cultures by certain main topics, these concluding to three subgroups – national, organisational and professional cultural groups. For instance, employees might have different personal cultures derived from own origins, national culture, professional cultures, background and personal beliefs. As well, the region a subsidiary might be based in could influence the template on both macro and micro levels, via economical means or, respectively, behavioural and relationship practices.

The history of a nation and physical environment, as well as societal, familial and religious institutions and mass-media are great influencers on cultural appropriation within a nation. In organisational cultures, strategies and operational functions are intertwined with the beliefs and values of staff. Whereas, professional culture is viewed as divisions of operators, engineers and executives, all having different implementations of cultural views.

Even so, companies nowadays choose to apply a Cross-Cultural Management or a Flexible Cultural Management, both models emphasizing on achieving goals through approaching openly different views and needs of the employees and regions they are focused on. Through this, 21st century new-business models aim for equity and cultural diversity, and employees are thus engaging more in heartening the progress of the business.

Netflix

In the past years, Netflix has become increasingly popular, with revenues steadily increasing. Percentages show that since 2016, the company managed to raise by the end of their fiscal year the income with more than 5% by each quarter and have a steadily increase in their operating and net margins by 2-3% annually, respectively. Regardless, the company's most prized win at this point in time is the workplace satisfaction, Netflix being considered one of the most culturally diverse and appropriate places to work in the US.

Its core strengths imply an effective marketing strategy, with customer experience as the focal point. Through this, Netflix uses a strategic initiative to drive revenue growth and returns of investment. Its future growth prospect has seen a steadily increase in fund allocation since 2017. This strategy allows consumers to stream unlimited content in exchange of a monthly subscription fee, that has been reviewed as 'affordable' and 'attractive' by international research. Netflix also developed a recommendation tool that is able to suggest peer-specific content based on preferences, previous searches and region from where the platform is accessed. Moreover, the company is currently investing in business partnerships with different big businesses, such as Microsoft, Google and Sky and is planning on opening more offices around the world, thus strengthening their roots in nowadays' futuristic market and aiming to cover a greater number of customers from various geographical areas.

Organisational Structure of Netflix

Netflix Inc. is currently incorporating a hierarchical organisational structure that has seen since its beginning alterations due to global market challenges and changes and that is currently considered to be an alternative version to the widely known hierarchy, as its components advocates more as a flat structure. Its main concern at the moment is having a rapid response to consumer's needs and revolutions of the entertainment market. By implementing such framework, the company's various elements are operating well enough to counteract any declines induced by strong competitors or changes in demands. The corporate structure allows its Chief in Command to fully-hold the course of the strategic management direction with subordinates reporting back to the organisational headquarters, where CEOs, Cos Directors and Vice-Presidents are mainly located (Senior Management Board and Executive Board).

The corporate structure involves having functional groups for all operations, geographical sectors and divisions for a variety products and operations. The reports come, then, from employees to main business executives, which report further to the CEOs. All functional groups are implementing a vertical line of authority, but it minimizes the levels of middle management, thus allowing a more direct communication and a faster response to issues.

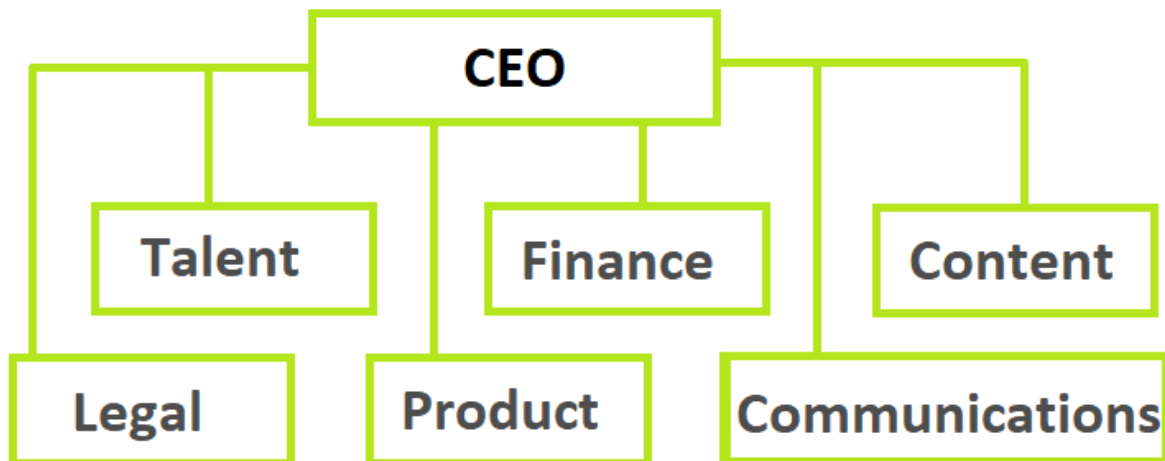


Figure 1. Netflix Inc.s' Organisational Chart, as presented in Corporate Mission and Vision Statement, 2020.

Organisational Culture via Performance

When it comes to organisational culture, Netflix shows a successful approach, by implementing a so-called 'open culture' view on matters. Via this, the company allows employees to be critical to themselves and one another, in a constructive and friendly way, to share heir beliefs and ideologies often and even to higher positions and to behave openly, so to create resilience at the workplace. Its framework revolves around simple core and business values, but it leaves it to the employee to potentialize different ideas.

The main characteristics of Netflix's culture are as follows:

1. **Autonomy** – Netflix gives employees the chance to find solutions and make decisions through by themselves, following their learning development outcome and providing them with resourceful aids. Thus, the company believes the employees are only adding ideas, problem solutions and a certain competitive advantage to its growth.

2. Attitude – Staff is encouraged to express themselves openly, sincerely and objectively and to always speak-up, especially when their mental health is at stake.
3. Productivity – The Company advocates for efficacy at work so as to thrive in today's social media market and it instigates employees with rewards to be more effective.
4. Communication – As with 'Attitude' presented above, Netflix demands workers to always communicate effectively and present without distress any misunderstanding, issues or queries.
5. Avoidance of rules and organisational rigidity – Through this, the company believes employees will be more open to embrace the constant change in the industry and always deliver performance and meet customer needs and satisfaction.

When it comes to individual behaviour, research has shown that employees have one of the highest rates of satisfaction at work, Netflix being one of the most culturally diverse and open workplace worldwide. Studies and journals are reconsidering Netflix's market approach and business model and emphasize on rapid shifts in the market and how the structure will maintain, on eager competition and how it will sustain and on carefully planning of the finances. Nevertheless, its current organisational structure and culture are considered to be proficient for the current market state.

Conclusion

In conclusion, both organisational structures and cultures are key elements in the successful building up of a business. With plenty resources and efficient means of work, companies nowadays only have to provide a well-organised model so to thrive. Netflix is, in this case, a company that applies common principles of structure and culture, but suffices today's market needs by slightly changing normal models and by altering beneficially cultural approaches. Appropriateness becomes, here, a useful tool for great performance.

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