



**LEVEL 4**

**MODULE CODE: LCBB4003**

**INTRODUCING THE MODERN WORKPACE**

**ASSIGNMENT: I**

**ASSIGNMENT TITLE: MICROSOFT CORPORATION STRUCTURE AND CULTURE**

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## **Introduction**

Structure and culture are two significant elements of an organisation. According to (Sinclair, 1993) “Organisational culture is recognized as one determinant of how people behave, more or less ethically, in organisations. It is also increasingly understood as an attribute that management can and should influence to improve organisational performance.” Alternatively, stated organisational structure can be understood as a process of workflow that allows the employees to work on their specified positions. However, organisational culture refers to the values, traditions, processes, attitudes, behaviors, and norms of an organisation. It defines how to behave and interact within the workplace (Alvesson and Sveningsson, 2008) . But at the end, both these elements are among the top determinants of organisational performance. This essay attempts to analyze the contribution and role of organisational structure and culture in improving performance of one of the largest organizations of the world, Microsoft Corporation. The author will use several resources from literature to explain the concepts where required.

Microsoft is one of the top technology companies that is based in Washington, USA. it was founded in 1975 by Bill Gates Paul Allen. It offers a variety of IT related products and services such as software, personal computers, electronics, Artificial Intelligence and related services (Microsoft, 2020a) . Microsoft is adjusting its organizational structure as often as required in order to keep up with changes in the external environment. The most recent shakeup was in 2018 when the CEO Satya Nadella said in an email to company employees, “Today, I’m announcing the formation of two new engineering teams to accelerate our innovation and better serve the needs of our customers and partners long into the future.” (Microsoft, 2018). It is clear from the CEO’s statement that Microsoft’s structure keeps changing according to the requirements. It is clear that the company is focusing on the cloud, Artificial Intelligence, and even Augmented Reality.

The below figure is obtained from ‘The Official Board’, a website that develops organizational charts of leading companies and tracks changes among key departments. The figure shows that the Board is comprised of 12 members including the CEO and the Chairman of the Board and

the rest are Directors. The N1 represents the people and different departments working under the CEO. Collectively, they work to achieve the company's vision.

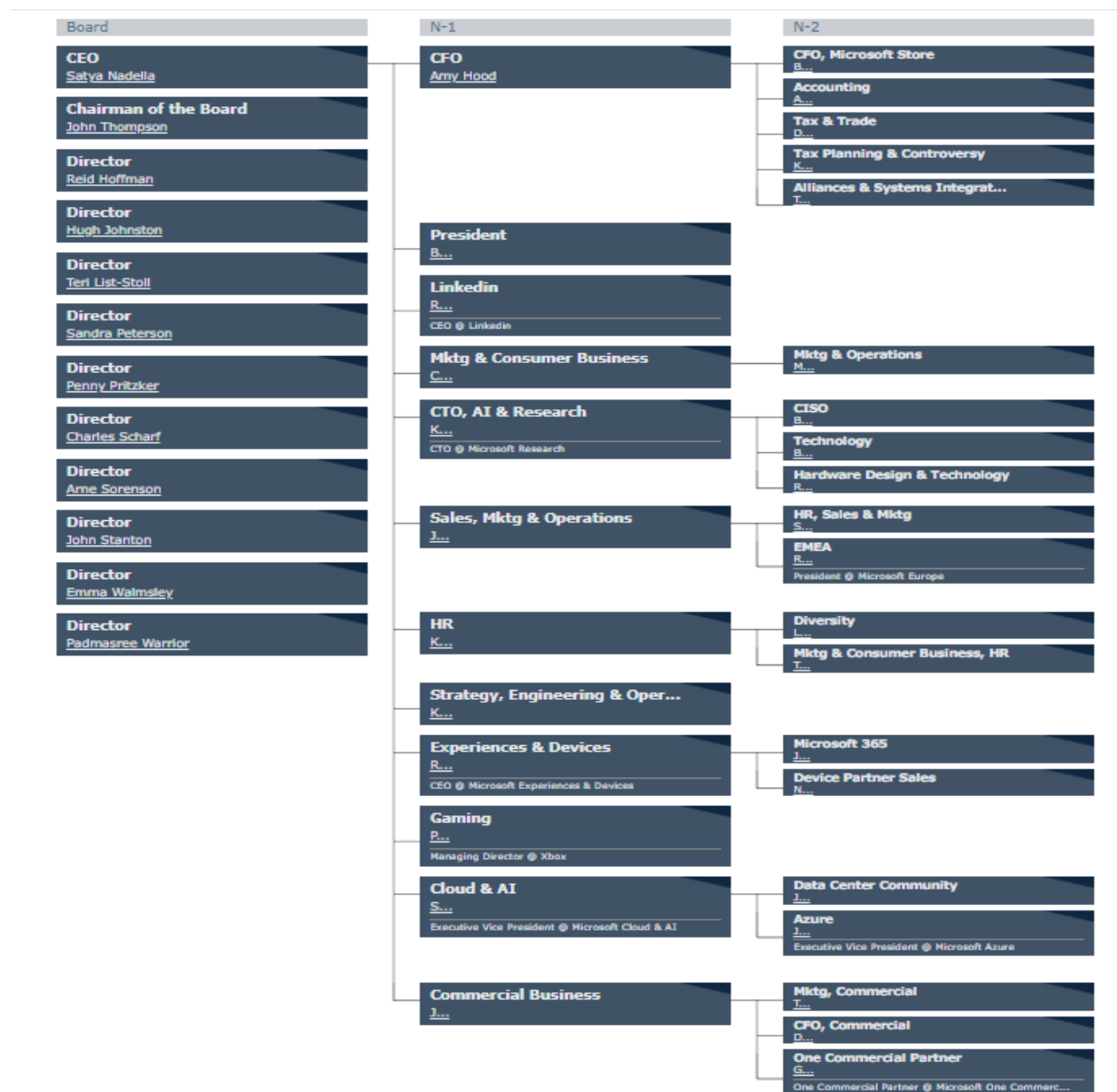


Figure 1: Organisational Structure of Microsoft, Source: (The Official Board, 2020)

The N3 represents the people/departments that work under N2. Based on the analysis of the company and its official websites, it can be said the company's organisational structure is based on 2 things products and functions.

Microsoft divides itself based on the different types of products and services it is offering (Microsoft, 2020c). It is shown below:

1. Productivity and Business Processes: these include LinkedIn, Office 365, Dynamics 365 and a host of other similar applications.
2. Intelligent Cloud- includes its recent acquisition Github, Azure, Visual Studio, SQL Server, Window Server etc.
3. More Personal Computing-includes Xbox (hardware), games, Windows, Devices (Surface), Search Engine etc.

Microsoft consists of two divisions under which individual departments operate. The two divisions are Engineering Groups and Business Functions (Microsoft, 2020b) as engineering group and business functions. The Engineering Group has cloud + AI Group, Experiences + Devices, Technology + Research and Core Services Engineering & Operations.

Similarly, Business Functions has the following groups. Business Development Group (BDG) that is concerned with investments and partnerships that help Microsoft grow. For instance, Microsoft's interest in acquiring TikTok's US business will be carried out by the BDG including Corporate, External, and Legal Affairs group, Corporate Strategy, Finance Group, Global Sales, Marketing and Operations, HR Group, LinkedIn, and Marketing Group. This includes all marketing related activities including advertising, communications, and the retail stores.

Overall, it can be concluded that Microsoft's organisational structure is dynamic. Each CEO makes changes to the structure to suit their strategy. This is surely a good step as it allows the leaders to execute their strategies and vision for the company in a better way. It also allows organisations to respond to changes effectively.

Hence, Microsoft has a combination of divisional and functional structure, each of these functions has its own advantages for the company.

The divisional structure of the organisation gives the company small businesses within the corporation which means that every divisions is a complete entity itself from pre-product operations to activities after the sale. The biggest advantage of current structure of Microsoft is that each division follows a complete set of organisational governance, it is apparent that managing a large organisation as whole is difficult than managing small but complete entities.

These divisions are dependent to one another and sometimes are independent or they usually have a balanced interdependence. Each division generate its own profit and revenue but they all share

the expenses as a whole. Microsoft creates a strong focus on its overall business by dividing it into small businesses because other types of organisational structures do not give the same result. The divisional structure allows Microsoft to identify new product lines and acquire new target market with establishment of every new division and eventually it develops the overall business says (Viardot, 2020). Microsoft is a very large corporation with hundreds of products and thousands of employee, effective and efficient management in this situation is difficult. From coordination among the teams to keeping a diverse clientele with increasing demand and evolving expectations, every possible business aspect is difficult to manage. Therefore, divisional structure helps to perform every operation effectively by dividing it under respective managers.

Another advantage Microsoft gets from its combination of divisional and functional structure is high level of flexibility as it allows to easily add, remove or upgrade any function or product without affecting the entire system because the change occurs only in one unit. Likewise, it also plays a big role in skills development. Due to a specified team of workers for each product, employee skills and professional development becomes easy because it does not have to select employees from a large group. Moreover, this structure promotes leadership skills in every divisional head, and this way the company produces leaders prepared for even bigger positions as they possess all the required authority and elements being the leaders of their divisions. To be precise, the organisational structure of Microsoft makes the business operations easier improving the overall performance.

Just like structure, organisational culture also plays a great role in growth and development of any organisation. The components of organisational culture are norms, values and beliefs that a company follows, whereas organisational culture is divided into layers as artifacts, values and assumptions. The objects are all the tangible and intangibles things within a workplace such as a furniture, dress code, layout and different mantras. Values include the vision, mission and strategies of the company or what the company stands for. And the last layer, the assumption that creates a base for upper layers. Assumptions are the values or beliefs that a company assumes as essential for its survival. It includes employee behaviour and thoughts. These above mentioned layers are studied by Edgar Schien and founded by (Cotter-Lockard, 2009) . Microsoft has a defined set of values like developing its employees, providing a learning environment,

empowering diversity, and trustworthiness as stated on the its official website (Microsoft, 2020b)

A positive learning culture does not only positively affect the performance but also increase the employee satisfaction and loyalty. It improves the company image and presents as a responsible employer. Organisational culture is what a company believes in such as its values and norms. The organisational culture is highly important for Microsoft as it affects the competitiveness, digital transformation, and people. Having and effective culture help the company to innovate and create new ways keeping it with the demands of changing time and customer behavior (Bel, 2018a). At Microsoft, every person can and is supposed to continuously grow and develop stated by its Vice President for Europe, Middle East and Africa (Bel, 2018b) . He further said in a discussion with a professor of Organisational Behavior at London Business School that without the right culture, an organisation cannot transform itself.

This shows that Microsoft has a learning culture which can also be called Culture of Innovation given the fact that Innovation is the backbone of IT companies. Learning culture can be understood as a system of continuous learning where a company encourages its employees to keep learning new skills and gain latest knowledge. Microsoft wants its employees to grow and increase their creativity because the more they learn new things, the more they will improve their performance. Because the company believes that its strength is talented employees as stated on its website. (Microsoft, 2020e) The employees call it growth mindset cultures as stated by Jenifer, Principal Developer Evangelist at Machine Learning unit. According to official description of organisational culture at Microsoft, it has five main attributes such as growth mindset, customer obsessed, diverse & inclusive, one Microsoft and making a difference (Microsoft, 2020c).

The growth mindset refers to people curious to learn new things. It attribute includes a set of beliefs that the company requires with minds ready to grow, every person has ability to grow, mindsets can be changed and potential is not predetermined, in fact it is nurtured (Microsoft, 2020c) . This attribute expects the people at Microsoft to develop, learn, be curious, have a willingness to lean into uncertain environment, must take risks and act quickly and proactively in

case of mistakes and failures. The people at Microsoft are developed to be predictors of failure as it is believed to be the way to mastery. Being open to ideas and valuing the opinions of others are appreciated at this company.

Secondly, the customer obsessed attribute learning about customer and understanding their needs and wants. The employees are taught to learn about the customers with a fresh mind so that they fully understand different requirements with creative solutions (Microsoft, 2020c) . The leaning

can be internal or external meaning utilizing every possible learning opportunity to bring innovative solutions to the customers.

Third and the most important cultural attribute at Microsoft is diversity an inclusivity. Diversity means to be different and accepting diversity or people with different behaviors, backgrounds, ethnicities and religions is difficult but highly valuable phenomena (Microsoft, 2020c). These diverse people bring in new ideas and knowledge adding to the efficiency of their organisation. Microsoft invites different people and embraces its diversity, as a result it creates better ideas, better products and serve a diverse customer base. The fourth attribute is One Microsoft that refers to sense of oneness and teamwork. Microsoft has a culture of acting like a family that is joined together by the mission and vision of the organisation (Microsoft, 2020c) . The company believes that due to ability to be one, the goals becomes achievable. And at last the attribute of making a difference encourages the employee to find a meaning in their work and make a difference in life. The all attributes collectively form organisational culture of Microsoft Corporation full of learning and continuous development (Microsoft, 2020d).

Microsoft strategically plans the process of building organisational culture. This process is divided into three main phases found by (Viardot, 2020) . These phases are plan, build and maintain. The planning involves buy-in from leaders and understanding the human resource. For this purpose, studying like surveys are conducted to analyses the needs and wants of the employees to find the areas where change is necessary and areas where it is not required (McLaren, 2019) . The second phase of building involves reinforcing the change required and

looking out for people who accept it and those who oppose. At this stage the change embracing people are highly important as they influence others and helps in building the culture. The final phase called maintain is keeping the built culture for long term. This requires the management processes to be aligned with the culture implemented.

The above explained diversity, learning and inclusive culture increases the performance and improves the quality by bringing in new expertise, talents, and skill sets. Microsoft is one of the most innovative organisations and it seems that its innovation is a direct result of its culture. On one hand, innovation requires continuous learning and professional development, on the other hand innovation is the base of business development in modern business world where competition is massively increasing with the advancement of information technology.

According to Forbes, cultural diversity is a win-win situation (Schindler, 2019) that is backed up by learning at Microsoft. The learning culture at Microsoft increase employee satisfaction, customer satisfaction and profitability. Learning culture has a direct positive effect on customer satisfaction and financial performance found by (Teresa and Duarte, 2017) . The long-term effects of learning culture are reduction in turnover and increase in employee loyalty. Indeed, organisational culture of Microsoft develops professionals and future leaders that benefits its by increasing the overall productivity and developing the business.

## **Conclusion**

This paper attempted to analyze and understand the organisational structure and culture of Microsoft Corporation along how these two concepts affects the organisational performance. Organisational structure is the definition of who will be doing what and on which position. The author found that Microsoft has a combination of product type divisional and functional structures. The division are responsible for a separate product. However, functions involve areas like business development groups. Similarly, organisational culture is the set of values, norms and behaviors of an organisation or simply it is the belief system of a workplace. The analysis of culture at Microsoft shows that it has a learning culture based on five attribute. The attributes are growth mindset, customer obsessed, diverse & inclusivity, one Microsoft and making a difference. Hence, the growth mindset makes employees able to perform according to customer requirement while

diversity and oneness helps in making a difference and meaning in the work. Hence, the learning culture boost the innovation and develops the business by adding new products and processes.

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