

Awarding Body: University of Wales Trinity Saint David

Programme Name: BA Business Management

Module Name: Introducing the Modern Workplace (LCBB4003)

Assignment Title: Facebook Inc.'s Organizational Culture, Structure and Leadership - Assessment 1

Student Name and Number: Anita Varga / 2012895

Tutor Name: Dr. Gregory Cowan

Word Count: 2000

FACEBOOK INC.'S ORGANIZATIONAL STRUCTURE, CULTURE AND LEADERSHIP

TABLE OF CONTENTS

1. INTRODUCTION
2. FACEBOOK INC. ORGANIZATION
3. ORGANISATIONAL STRUCTURE OF FACEBOOK
4. ORGANISATIONAL CULTURE OF FACEBOOK
5. MANAGEMENT AND LEADERSHIP
6. CONCLUSION

1. INTRODUCTION

The aim of this report is to analyse the relationship of organizational structure and culture and how does it affect organizations' performances in general and through one of the most successful global company, Facebook. Researchers found that strong structure and culture enhance strong performance. There are contradictive theories about management and leadership whether leadership skills are something that you born with or something that can be developed. Some theorists believe that management and leadership is the same and they do not differentiate. Others think that people are born with leadership skills. Recent studies suggest that if management skills are something that people are born with than schools teaching business skills would not survive.

Facebook founder, Mark Zuckerberg had a vision to make people get connected all over the world and have access to information worldwide. He has built an organization with strong culture where creativity, innovation and adapt to changes are important skills and through his transformational leadership style he will certainly make further improvement on his worldwide social network.

2. FACEBOOK INC. ORGANIZATION

Facebook is a global organisation and was established in 2004 with a mission to connect people with each other from all over the world. The idea was to enable people to be informed of world's news and happenings and share things that matters to them. Facebook, Inc. makes people to be able to connect via mobile devices. (Yahoo Finance, 2021.) They can access to information and products online. Facebook helps to build new businesses and technologies and find communities. The company headquarters are based in California, USA and there are 17 data centers and offices in 80+ cities worldwide. (Facebook, 2021.) By 2015 the number of employees reached 11,996 and the average daily active users were 1.01 billion. (Our History, 2015.) As of 2021 the full-time employee numbers are 58,604 and the company closed 2020 with a revenue of 85,97 billion US\$. (Yahoo Finance, 2021.)

According to the 2018 statistics by Brandz™ Facebook is within the top ten most valuable brands in the world and the brand value is worth \$162,106 million. (Millward Brown Optimor)

Facebook Inc.'s mission is "Give people the power to build community and bring the world closer together." Some of their principles are promote economic opportunity, give people a voice, build connection and keep people safe. (Facebook, 2021.)

Messenger, Instagram and Whatsapp are applications and all part of Facebook. Whatsapp is for chatting and often used for group messaging at workplaces, Instagram is used to share videos, photos and messages and Messenger is to connect with friends. (Yahoo Finance, 2021.)

Mark Zuckenberg is the Founder, CEO and Chairman of Facebook. He studied computer science at Harvard University. He designs the core technology for Facebook and also looks after the development and product strategy. There are six more key people within the organization. Their positions are Chief Product Officer, Chief Operating Officer, Chief

Revenue Officer, Chief Finance Officer, Chief Technology Officer and General Counsel. (Facebook, 2021.)

3. ORGANISATIONAL STRUCTURE OF FACEBOOK

Organizational structure is the framework of a company and influences optimal performance. Therefore, managers need to apply to most suitable structure. (Mullins, 2013. Ch 11. P 394)
The matrix structure combines various functions and activities. There is two-way flow within the organization. Within the functional departments, the responsibility and authority flow vertically down the line but the responsibility and authority of the project manager flow horizontally. (Mullins 2013. Ch 11 P 410)

Facebook has matrix organisational structure and it is adapted to the company's needs. Within their organisation there are three main divisions which are Corporate Function-Based Teams, Geographic Divisions and Product Based Divisions. In the Product Based Divisions the key elements are innovation and creativity. The Corporate Function-Based Teams allows Facebook to have control on its operations globally. The way they are structured enables for the company to diversify and expand and provides multinational operations which are necessary in online business. The way they are structured makes it possible to respond to changes quickly. The company's hierarchical structure adapted to the needs of the business considering information technology and the Internet.

One of the disadvantages of this structure is the difficulty to implement directives due to the many regions. Based on the Geographical Divisions there are various regional managements. Despite these difficulties the geographical divisions are needed to be implemented to fulfil political and sociocultural elements in different countries and continents. (Lombardo J., 2018)

4. ORGANISATIONAL CULTURE OF FACEBOOK

Organizational culture described as the sum total of everything that an organization has learnt in its history and dealing with the external problems such as goals and strategies and how it organizes itself internally which is how staff relate to each other and having ideas at different levels. Culture cannot be imposed it is always something learnt. (Kuppler, T. 2014)

People's actions and behaviours are affected by the organizations' cultures. Cultures determine the way people work at workplaces.

Shein suggests that a culture of an organization is based on three different levels. These levels are artefacts, beliefs & values and assumptions. Artefacts represent the technological facilities and physical layout of the company. Values are the way how employees act and behave. Assumptions influence the way how people perceive and see things. (Mullins 2013. Ch 15 P 567)

It has been recognised that organizations just like countries and religions have their own cultures, personalities which differentiate them and make them unique. A strong organizational culture defines working behaviours. Organizational values are to set direction

for all staff and guide their behaviour. These values are often unspoken but give guidance. Values can be defined such as diversity, excellence, innovation, respect and teamwork. (Huczynski, A., Buchanan, D. 2016 Ch4, Pg 109, 113)

Assumptions can relate to quality, morality, stability, profitability and these become part of the company's culture. They represent the ways how things are done within an organization. There are beliefs that there is a relationship between a strong organizational culture and performance. Stronger culture enhances performance and generates higher productivity. (Huczynski, A., Buchanan, D. 2016 Ch4, Pg 116, 119)

Culture plays a key role for effective performance within an organization. It is an asset and plays a key role for effective performance within an organization. A healthy, strong culture can enhance productivity. (Mullins, 2013. Ch 15 P 573, 574)

Facebook remains competitive via its hacker culture. The organisation's culture defines their staff behaviour which promotes the company's values, beliefs and assumptions. Facebook encourages people to be bold and make decisions quickly. Creativity, innovation, problem solving ability, decision making and working in small teams are part of the organisation's culture. They are constantly improving and developing new products. As the company is continuously developing and growing its social media services, mobile applications, networking websites one of the most important skills amongst their employees is problem solving ability. Facebook appreciates the ability of quick decision-making and problem solving. They have a motivational system in place offering rewards to the employees and recognising their capabilities. Boldness amongst employees is widely encouraged. Instead of waiting for managers' decisions staff needs to deal with occurring issues at the time of happening. (Lombardo J., 2018.)

5. MANAGEMENT AND LEADERSHIP

Leadership is considered to be one of the main focus of organizational effectiveness. Leadership is at all levels within a company and influences all activities towards goal achievements. Traditionally, there are fewer female leaders than male. There are leadership stereotypes which raises organizational and social concerns. In today's society they wish to achieve an appropriate gender balance. (Huczynski, A., Buchanan, D. 2016 Ch18, Pg 598, 599)

The transformational style of leadership affects people's emotions and workers feel motivated. These types of leaders have a future vision to encourage the team, help to overcome obstacles together and inspire work. The leaders focused on building lasting personal strengths which makes the teammates more confident and overall make the company more successful. It is worth developing these styles to improve productivity, inspire peak performance and encourage great teamwork success. (Tracy, B. 2017.)

Mark Zuckerberg is a transformational leader. He is not afraid to take risks and with his clear vision he has built a worldwide social network and he is on the top ten CEO list. (Clark, E. 2020)

Andrew Bosworth is a software engineer at Facebook Inc. and described Zuckerberg as a bold, tireless and fearless leader. He likes discussions and debates rather than being a dictator. He often changes directions, thinks of every day as a new day and that can be hard to adapt to. (Bosworth, A. 2010.)

Mintzberg does not believe in leadership he believes in people and their management skills. He thinks that the separation leadership from management is disruptive. Managers who do not lead are boring and leaders that are not managers do not know what is happening within the company. He suggests that management is pure and simple. It is a technique, fundamental human activity and not scientific activity that evolves overtime. Senior managers take the long term perspective of the company and junior managers the short term perspective. (Moore, K. 2009.)

On the other hand, Thomas Carlyle believes in the “Trait Theory” or the “great man” theory which means that people are born with leadership skills. His theory focuses on inheritable traits such as intelligence, creativity, trustworthiness and people skills. (Lyon, A., 2020.)

Business school academics suggest that if leadership skill is something that people are born with than business schools would not make any money out of teaching management and leadership. As Warren Buffet, an American business investor mentioned in an interview in 2018 “teachers can change the way you see the world”. He also said that would prefer to hire somebody from the top 5 business universities. (Yahoo Finance, 2018.)

Mintzberg was not satisfied with Fayol’s description of management which states that management is controlling, organizing, planning and leading. Mintzberg discovered a more accurate managerial work. Managers have three distinct roles within an organization and these are interpersonal, informational and decisional roles. Within these roles there are more specific responsibilities such as monitoring, disturbance handling, liaising. (Alanis Business Academy, 2013.)

The Importance of Knowledge Management

Researchers found that there are many benefits of knowledge management. Some of these benefits are helping innovation, creating hyper-competitive marketplace and IT revolution in the business environment such as digitalisation. Knowledge management plays important role for organizational change and profit making. In the past organizations relied on senior members of staff passing their knowledge onto the younger generation. However, these days company owners prefer more flexible form of structures widening age groups and generations. Facebook’s matrix structure enables flexibility and diversify within the organization.

Creativity

In a continuously changing environment organizations need a culture of creativity and be innovative. It is needed to be one step ahead of the competitors to be successful. Goodman defines creativity such as “the process of generating new ideas or concepts” or more specifically such as “the application of imaginative thought which result in innovative solutions to many problems”. Creative individuals are original and have new ideas. Recent studies show that creativity has increased importance within organizations. Managers are required to use their feelings and intuitions besides their rational thinking in modern business

environments. For employees to be able to work creatively they need a supporting organizational structure. Leaders to be open minded and leadership needs to be built on trust to create a modern workplace with mutual respect. (Huczynski, A., Buchanan, D. 2016 Ch6, Pg 187, 188, 189, 190)

At Facebook Inc. creativity plays a huge role for continuous improvements.

6. CONCLUSION

This report has looked at the organisational structure and culture of Facebook, the biggest social media company in the world, to identify what is unique to Facebook, and its founder Mark Zuckerberg, that has made the company so successful. It has identified both vertical flows of authority and responsibility (within functional departments) and horizontal flows (within project management) that means Facebook has the most effective structure for the different parts of its business. It has identified a hacker culture that emboldens staff to be bold and make quick decisions. Finally, it has identified founder Mark Zuckerberg as a transformational leader who takes the risks required to get Facebook to where it is today, who listens to staff and does not hold unmovable opinions. He treats every day as a new day so can constantly be coming up with new ideas, challenging his staff. This leadership style, in addition to the organisational culture and structure at Facebook, looks set to enable Facebook to continue to adapt and move forward in years to come.

REFERENCES

Mullins, L. 2013. Management and Organisational Behaviour 11th Edition, Pearson. (Ch 11, Page 394, 410)

Mullins, L. 2013. Management and Organisational Behaviour 11th Edition, Pearson. (Ch 15, Page 567, 573, 574)

Huczynski, A., Buchanan, D. 2016. Organizational Behaviour (9th edition) Harlow: Pearson (Ch 4, Page 109, 113, 116, 119 and Ch 6 Pg 187, 188, 189, 190 and Ch 18 Pg 598, 599)

Our History. Facebook, 2015. Available at:

<https://web.archive.org/web/20151115110456/https://newsroom.fb.com/company-info/>.

Accessed on 21st March 2021.)

Facebook. 2021. Available at: <https://about.fb.com/company-info/> (Accessed on 1st April 2021.)

Yahoo Finance. Facebook, Inc. (FB), 202. Verizon Media. Available at:

<https://uk.finance.yahoo.com/quote/FB/profile?p=FB> (Accessed on 1st April 2021.)

Edgar Online. 2021. Facebook, Inc. Consolidated Statements Of Income. Yahoo Finance.

Available at: [https://yahoo.brand.edgar-](https://yahoo.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=14646367-381462-385207&type=sect&TabIndex=2&dcn=0001326801-21-000014&nav=1&src=Yahoo)

[online.com/displayfilinginfo.aspx?FilingID=14646367-381462-](https://yahoo.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=14646367-381462-385207&type=sect&TabIndex=2&dcn=0001326801-21-000014&nav=1&src=Yahoo)

[385207&type=sect&TabIndex=2&dcn=0001326801-21-000014&nav=1&src=Yahoo](https://yahoo.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=14646367-381462-385207&type=sect&TabIndex=2&dcn=0001326801-21-000014&nav=1&src=Yahoo)

(Accessed on 1st April 2021.)

Clark E., 2020. Mark Zuckerberg and Facebook Leadership. Available at:

<https://elijahclark.com/mark-zuckerberg-facebook-leadership/> (Accessed on 2nd April 2021.)

Moore K., 2009. Henry Mintzberg on Managing: Pure and Simple. Available at:

<https://www.youtube.com/watch?v=TVBPhCJh-dw> (Accessed on 20th March 2021.)

Tracy B., 2017. 5 Different Types of Leadership Styles.

Available at: <https://www.youtube.com/watch?v=vilZazhIjoc>. (Accessed on 2nd April 2021.)

Bosworth, A. 2010. Working with Zuck. Available at:

https://www.facebook.com/note.php?note_id=339013388919 (Accessed on 2nd April 2021.)

Kuppler T., 2014. What is Culture? Available at:

<https://www.youtube.com/watch?v=zR9giyTu4pI> (Accessed on 2nd April 2021.)

Lyon, A., 2020. Trait Theory of Leadership. Available at:
<https://www.youtube.com/watch?v=5kSDgWTfYwk> (Accessed on 2nd April 2021.)

Alanis Business Academy, 2013. Mintzberg's Managerial Roles. Available at:
<https://www.youtube.com/watch?v=NgkQYRqxKTs> (Accessed on 2nd April 2021.)

Yahoo Finance, 2018. Warren Buffett gives his thoughts on whether business school is worth it. Available at: <https://www.youtube.com/watch?v=-x8y6wRCV94> (Accessed on 2nd April 2021.)

Millward Brown Optimor BrandZ Top 100 Most Valuable Global Brands, Millward Brown Optimor, New York

Lombardo J. 2018. Facebook Inc.'s Organizational Structure (Analysis). Available at:
<http://panmore.com/facebook-inc-organizational-structure-analysis> (Accessed on 21st March 2021).

Lombardo J., 2018. Facebook Inc.'s Organizational Culture (An Analysis) Available at:
<http://panmore.com/facebook-inc-organizational-culture-characteristics-analysis> (Accessed on 21st March 2021.)