

Assessment 1 – Structure and Culture

Write a 2000 word essay that describes the structure and culture of an organisation you have studied this semester. Analyse how these factors contribute to the organisations performance. Your essay should refer to relevant theories and models of organisational design and culture.

The link between organisational structure, culture and organisational performance in mainstream management has been widely recognised in various literature (Hofstede 1980; Handy 1985; Cheung et al. 2005). Organisational structure refers to the various norms, rules and policies formed by an organisation to achieve its main aims and objectives (Singh et al. 2013). Organisational culture on the other hand, includes the values, attitudes, beliefs, customs, and written, and unwritten, rules that have been developed over time, that guide the employees' behaviour (Lok and Crawford 2003). Organisational structure and culture are the basis of any organisation. They are interdependent and should be studied in context in order for their contribution to the organisation's performance to be examined in more specific terms (Lichtenstein and Brain 2006). Every organisation has a different structure and culture based on its nature, scale of operations, and internal values (Lok and Crawford 2003). As a result, in this assignment the organisational structure and culture of Google will be described, and their contribution to the organisation's performance will be analysed. More specifically this assignment will refer to the so-called Behavioural Model of Organisational Structure (mainly, the matrix form of organisation design), as well as to Wallach's classification of the types of organisational culture.

Drucker (1992) argues that for an organisation's performance to improve, its structure and culture have to be open, innovative, and creative, allowing employees to gain satisfaction from their work environment. Google LLC's (Google) organisational structure and culture are strongly influenced by the traits described by Drucker (1992), due to the organisation's heavy reliance on unconventionality, creativity and adaptability, evident from the two fairly recent structural reconfigurations that the organisation undertook in 2015 and 2017 (Stimpson and Farquharson 2014; Skyler 2018). Google's organisational structure is not confined to one single type and is inspired by the Behavioural Model of organisational design that concentrates on the importance of interpersonal processes and the creation of work groups (Griffin and O'Leary-Kelly 2004; Sobiya ca. 2019). In more specific terms, "Google [currently] has a matrix corporate structure with a considerable degree of flatness" (Smithson 2019). Matrix organisational structure is defined as "a company structure in which the [overall] reporting relationships are set up as a grid, or matrix, rather than as a traditional [vertical] hierarchy" (Woods 2014). Smithson's analysis of Google's organisational structure (2019) shows that it is defined by three characteristics:

1. Function-based – where resources and processes are grouped based on business functions, resulting in employees performing specialised roles and working under assigned managers (e.g. Marketing – Marketing Specialists; Finance – Finance Specialists).
2. Product-based – where resources, processes and people are grouped based on the different types of products that the organisation offers (and is in the process of developing), with each division having its own departments, such as Marketing and Finance (e.g. Artificial Intelligence division, Cloud division, etc.).
3. Flatness – where the hierarchal levels of communication and authority are minimised, allowing employees to interact more easily (regardless of their positions), and to create objectives-orientated work groups (Claver-Cortes 2007).

Google's matrix organisational structure, and its characteristics, contribute to its performance in various ways. The function-based characteristic of Google's organisational structure allows it to use strategic management to solve problems at various levels and areas of the organisation (Smithson 2019). The product-based characteristic, on the other hand, allows Google to effectively "satisfy current and future market demand and consumer preferences regarding information technology and consumer electronics products, such as Search, mobile apps, and mobile devices" (Smithson 2019), as evident from the consistent diversification of Google's product range over the years (Tran 2017). And last but not least, due to its flatness, Google's organisational structure gives its employees the opportunity to actively participate in and influence the organisation's decision making and direction, which increases their morale, loyalty, motivation and satisfaction in their work, contributing to Google's long-term success (Smithson 2019). Google's main aim of innovation, interpersonal cohesion and flexibility requires a structure that allows for rapid decision making and fluidity in employee communication. As Drucker (1992) argues, the modern business world demands organisations to always be ready for change by "putting knowledge to work, which requires a high decentralisation level so that decisions can be made quickly" (Claver-Cortes 2007, p. 48). The matrix organisational structure, with its highly decentralised nature, allows Google to use resources efficiently and to disseminate information quickly and effectively, which speeds the decision-making process and, as a result, the organisation's growth. It can be argued that Google's organisation structure is one of the main reasons why Google continues to have one of the fastest growth rates in the world (Tran 2017).

Scholars in the field of organisational structure and culture argue that organisations consist of both objective (in the face of organisational structure) and subjective (in the face of organisational culture) elements (Kuada 2015). Following this viewpoint, it can be argued that Google's performance is also very highly influenced by its organisational culture. Organisational culture is the "set of shared beliefs, values, and norms that influence the way members think, feel, and behave" (Tran 2017). The importance of organisational culture stems mainly from its strong influence on employee behaviour and performance, which in turn are essential for the financial and operational success of any organisation (Ashworth 2015). For example, employees who work in a work culture that encourages them to perceive themselves as an important part of the organisation, work harder for the attainment of organisational goal (Moosvi and Imran Bukhari 2015). According to Wallach (1983), there are three types of culture – bureaucratic, supportive, and innovative. Google's organisational culture, in line with its structure, is comprised of both innovative and supportive characteristics. "An innovative culture refers to a creative, results-oriented, challenging work environment. It is characterized as being entrepreneurial, ambitious, stimulating, driven and risk-taking" (Yiing 2008, p.15). A supportive culture "exhibits teamwork and a people-oriented, encouraging, trusting work environment. Supportive cultures are characterized as open, harmonious, trusting, safe, equitable, sociable, relationships oriented, humanistic, collaborative, and likened to an extended family" (Yiing 2008, p.15). Openness is key in Google's organisational culture where everybody (both employees and customers) can freely contribute their ideas and opinions to create more comfortable and friendly working environment (Hsieh 2010). This plays a key part in the improvement of Google's business processes. At Google, paying attention to how employees work and helping them correct mistakes is critical (Helft 2007). Instead of putting emphasis on mistakes, and blaming the employees, the organisation takes interest in the reasons for the problems that arise and in efficient ways to fix them as quickly and as effectively, as possible (Helft 2007). In terms of the creation of a culture of creativity and innovation, Google's working environments may be seen as a crucial factor. Google's offices are individually designed and unique. Google's working environment provides space for employees to work, relax, exercise, read and watch movies (to list a

few), which leads to employees not perceiving their working space as simply a work room. This characteristic of Google's organisational culture is described as the Artifact Level by Schein in 1992 who emphasises the power of what he calls 'basic assumptions', such as interior arrangements and technology, to shape values, practices and behaviour (Onday 2016). As Schein argues, even though the physical environment is visible, it has a deep meaning that cannot be understood easily and that requires serious consideration and analysis (Onday 2016). As a result, this essay takes the physical working environment as an important element of Google's organisational culture and, as Battelle (2011) argues, these creative environments are a main motivation for new starters to join Google.

Having a matrix organisational structure with emphasis on behaviour rather than bureaucracy, accompanied by an organisational culture that values innovation and support, does not come without its challenges. Due to the various directions of communication flow, as well as the larger number of managers, ambiguity may come into play in organisations that use matrix flat structure (The Economic Times 2020). For example, employees may not know who to report to or from who to seek approval to proceed to the next stage of a certain project. This may lead to serious delays and/or, detrimental for the performance or image of the organisation, mistakes. A major disadvantage of the supportive – innovative organisational culture is that employees may get distracted by the casual, friendly environment, starting to perceive their responsibilities as less serious, which may in turn lead to more mistakes, lower efficiency and lower productivity among employees. Furthermore, the constant encouragement to innovate may put the organisation at risk of a financial loss in cases where a particular innovative idea does not work and therefore does not manage to cover the cost of its execution. However, based on the above description and analysis of Google's organisational culture, it can be argued that the way the organisation perceives the aforementioned drawbacks allows it to find effective ways of mitigating them (for example, as already mentioned, Google's supportive work culture gives opportunities to employees to analyse their mistakes and to find the core reasons for them in order to avoid them in the future). This leads to the prevalence of positive, rather than negative, effects that the organisational structure and culture has on Google's performance.

This essay examined the organisational structure and culture of Google LLC. As explored, Google's organisational structure and culture are interrelated and are crucial for the success of the information technology business. The reason why Google's organisational structure and culture might be seen as interrelated is because they are both moving the organisation towards one main goal which is excellence in innovation, which in turn contributes to the fast and consistent over the years organisational growth. Furthermore, it allows Google to facilitate high performance and in turn counteract competitive forces through its rapid and extremely successful product development. Both the organisational structure and the organisational culture of Google are defined by unconventionality, which is another confirmation of their interrelatedness. Google's organizational structure is unconventional because of its matrix design with emphasis on flatness. Google's organisational culture is also not typical because it comprises of two different types of culture (supportive and innovative) and puts value on change and direct social links in employees' communication with other employees and with the organisation itself. It can be argued that Google's organisational structure is a continuation to its organisational culture. This alignment between the two can lead to higher chances for success. "The case of Google is an example of aligning and effectively using corporate structure and corporate culture to achieve strategic objectives in developing competencies for business growth" (Smithson 2019). This alignment promotes human resource competencies that are essential to business development toward the fulfilment of Google's corporate mission and vision statements.

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