

# Organizational Analysis of Google LLC

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## Abstract

*This paper discusses the organizational structure of Google LLC by using four management topics as metrics. Topics include organizational structure and design, leadership, human resources planning, and strategy. The paper first discusses Google's organizational structure and design then examines the strategy the firm employs. A company as vast as Google must have balanced leadership and a robust strategy to survive in the ever-competitive information technology industry. Good leadership among a multinational firm is essential for its success, so the leadership style, means of motivation and the accomplishment of the firm's goals are analyzed. Finally, Google's human resources section is analyzed to see how they hire and train employees, work out inter-departmental issues and find solutions to problems. Google employees often praise the firm for its motivational methods, facilities, and perks. Information regarding Google is compiled through online databases and websites and the textbook Management by Chuck Williams. Critical concepts that explain Google's management style are gathered through the textbook.*

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## Introduction

Google LLC is an American multinational firm specializing in software, hardware, search engine optimization, and other online technologies. The company was founded on September 4, 1998, in Menlo Park, California by Larry Page and Sergey Brin (Skyler, 2018). Currently, Sundar Pichai serves as the Chief Executive Officer and the company is headquartered in Mountain View, California (Skyler, 2018). Google has many subsidiaries, some of which include YouTube and Google Nest (Skyler, 2018). Google is known as a global innovator in technologies and often praised for its

exceptional perks and organization structure (Skyler, 2018).

## 1. Organization Structure and Design

According to Seidel, Google went through major structural changes in 2015 when the company was absorbed by a conglomerate named Alphabet. Since 2015, Alphabet has owned nine companies, one of which is Google (Skyler, 2018). In 2017, Google changed from a corporation to a limited liability corporation (LLC) because Alphabet is a parent company of Google (Skyler, 2018). The changes produced fruitful results; Google is now able to focus on other projects which can help the firm grow. Some areas

include self-driving cars, software, and hardware (Skyler, 2018).

### **1.1 Changes in Organizational Structure**

According to an Alphabet Press Release on December 3, 2019 by Alphabet Investor Relations, there were significant changes in the management at Google and Alphabet. Page and Brin, co-founders of Google who served as CEO and President of Alphabet, respectively, stepped down from their executive roles (Alphabet Press Release, 2019). Pichai, who served as the CEO of Google at the time, retained his CEO role of Google and became the CEO of Alphabet as well (Alphabet Press Release, 2019). Page and Brin will still be actively involved at Alphabet in the form of co-founders, shareholders, and board members (Alphabet Press Release, 2019). Google has eleven board of directors, with Pichai, Page, and Brin being three of them (Alphabet Investor Relations, 2019).

Organizational structure refers to a firm's way of managing employees through roles and responsibilities to delegate tasks, responsibilities, and other activities effectively (Kenton, 2020). Employees who are cognizant of the firm's organizational structure can help the firm meet its goals if the structure is well laid out and transparent (Kenton, 2020). These people work together and report progress or issues to upper management when they arise. Departmentalization allows the firm to be more efficient and accurate in completing tasks. Google is divided into multiple departments, which include engineering & technology; sales, service & support; marketing & communications; design; business strategy; finance; legal; people; facilities (Teams, n.d).

### **1.2 Type of Organization**

A mechanistic organization is structured in which employees report to their bosses and

a hierarchical structure is maintained. On the other hand, an organic organization has a flat organization structure with no definitive hierarchy. Google is a mechanistic organization for the most part as it consists of a hierarchy and assigns roles to all its employees. Formal roles enhance the organization's success by encouraging innovation, and problem-solving (Leonard, 2018). While there are roles assigned to employees, everyone is encouraged to solve problems, work together, and come up with creative solutions. To a certain extent, Google can be classified as a combination of an organic and mechanistic organization (Leonard, 2018). Some departments, such as engineering may be more formal, while marketing, sales, and advertising may be more organic where more discussions take place among employees (Leonard, 2018).

### **2. Leadership**

Motivation is an important characteristic and essential for employees as it helps increase efficiency and generate new ideas (What is Motivation?, n.d.). Motivation can be intrinsic and/or extrinsic (What is Motivation?, n.d.). Intrinsic motivation would involve an attitude to achieve, learn, or work for the betterment of themselves/their firm while extrinsic motivation would involve additional power, incentives, responsibilities (What is Motivation?, n.d.). An innovative company such as Google needs to use a multitude of motivational tactics to boost employee morale (What is Motivation?, n.d.).

In 2014, Fortune Magazine named Google as “Best Company to Work For,” (Luenendonk, 2014). This is quite an achievement for a multinational firm like Google because the company is spread across several continents. Each country will have a unique work culture and being able to successfully motivate employees in every work culture is impressive (Luenendonk, 2014). Google employs about 50,000 employees which make this task even more difficult, but they did it (Luenendonk, 2014). Google has a wide range of perks, ranging from well-structured

401k packages which are common to the “150 Feet from Food Rule,” which is not found anywhere else (Luenendonk, 2014).

Gmail was created by Paul Buchheit when he was asked to create an “email or personalization product.” He experimented with the idea using his 20% rule and invented the initial version of Gmail within a day using preexisting code from Google Groups (Luenendonk, 2014). Gmail was just the start; Gmail accounts are now used to access Google Drive, Google Docs, the Play Store, and many other services (Luenendonk,

### Description of each Google perk

<b>Perks exclusive to Google</b>
<ul style="list-style-type: none"> <li>● Payment of up to \$5,000 for legal expenses</li> <li>● Maternity benefits (18 weeks off fully paid for mothers), father and mother get \$500 for take-home meals for the first 3 months if spent at home</li> <li>● If adopting a child, Google will help financially</li> <li>● Offer services like car wash, oil changes, dry cleaning at headquarters in Mountain View, CA.</li> <li>● Onsite doctor, fitness center with trainer, and appliances to wash clothes at Googleplex</li> <li>● Lunch and dinner free to all employees</li> </ul>
<b>Employee voices are considered</b>
<ul style="list-style-type: none"> <li>● Employee forums are held every Friday, 20 FAQ are answered</li> <li>● Using channels to communicate ideas and concerns</li> <li>● Feedback on bosses is considered and evaluated often</li> <li>● <u>Googlegeist</u> takes surveys to resolves conflicts</li> </ul>
<b>Openness</b>
<ul style="list-style-type: none"> <li>● Every quarter, the Executive Chairman shares information that they shared with the Board of Directors with all employees</li> </ul>
<b>Work flexibility</b>
<ul style="list-style-type: none"> <li>● Can take breaks from work by going to the gym, getting a massage, or playing sports</li> <li>● Employees can devote one day a week (20% rule) to any special projects or interests they have (you can sleep if you want)</li> </ul>
<b>Free to express</b>
<ul style="list-style-type: none"> <li>● Employees can scribble on walls, wear sweatpants to work, bring pets, and express themselves freely</li> </ul>
<b>“150 Feet from Food Rule”</b>
<ul style="list-style-type: none"> <li>● Employees have access to food at all times, within a distance of 150 feet</li> </ul>

Source: (Cleverism by Martin Luenendonk, 2014)

2014). The 20% rule was very fruitful for Google as it boosted employee morale and gave birth to a revolutionary product (Luenendonk, 2014).

Leadership is an essential trait for success in any organization and refers to a person or a department setting an example for other employees to achieve goals successfully (Ward, 2020). Leaders plan, inspire, set objectives, and provide a pathway to employees or departments to complete them (Ward, 2020). Leaders are responsible for motivating both individual employees as well as their departments to complete a goal collectively (Ward, 2020). Leadership theories such as trait theory and consideration are very applicable at Google. For a successful and smooth working environment, Google prefers employees to have the same set of traits. No matter what title you hold, you are required to be transparent, driven, intelligent, and aim for excellence (Luenendonk, 2014).

## 2.1 Human Resources

Human resource management (HRM) is used by employers to recruit and manage employees strategically so that the work is done properly, and objectives are met (Heathfield, 2020). It is also used to guide employees so that they meet the organization's core values and goals (Heathfield, 2020). Google's human resources department is responsible for handling over 50,000 employees and is organized in two different sections. The human resources department uses tools such as forecasting, surplus & shortage of employees, and balancing supply & demand for human resource planning. For job analysis and design, tools such as organizational design, methods of job analysis, and job description & specification are used.

## 2.2 Human Resources Planning

To plan for the future, forecasting is an essential tool. Human Resources (HR) employees use specific analyses such as trend analysis and scenario analysis. These analyses are useful in predicting future supply and demand for human resources employees. They use current data and anticipated conditions to predict the future. According to Panmore Institute, trend analysis is a "quantitative technique that allows the company to predict possible HR demand based on current conditions and changes in the business" (Lombardo, 2017). Google uses a specific technique known as scenario analysis which is a more qualitative approach and helps in identifying characteristics useful for forecasting (Lombardo, 2017). To make the process more robust, both qualitative and quantitative approaches are used in forecasting (Lombardo, 2017).

Google continuously looks for changes in the external environment to factor changes in the number of employees. For example, manufacturing needs more labor than software development, so the company focuses more on supply and demand concerns in terms of blue-collar workers (Lombardo, 2017). Rather than hiring the way other employers do, Google uses an adaptive strategy which ensures that their supply and demand is more accurate. Accuracy promotes productivity and boosts efficiency (Lombardo, 2017).

Google has a unique organizational structure that allows the human resources department to easily identify problems among employees and change accordingly. Google uses techniques such as "worker and work-oriented job analysis" to make changes across the board, whether it is in manufacturing, product design, or research and development (Lombardo, 2017). Like any organization, Google also has specific qualifications for each job. For technical

jobs, they require specialized skill sets; however, Google requires all employees to be smart, driven, pursue excellence no matter the job (Lombardo, 2017). Employee performance and feedback are very important to Google, so they ensure their ways of extracting feedback are effective (Homem de Mello, 2019).

Google uses traditional techniques used at various organizations like annual performance reviews with a six-month checkpoint (Homem de Mello, 2019). Their detailed techniques are what make them unique. For example, they have monthly one-on-one meetings to resolve conflicts and personal issues (Homem de Mello, 2019). They seek out employees who show tremendous potential in areas of leadership and give them challenges like managing a small team to test their leadership skills (Homem de Mello, 2019). This is an example of hands-on-training which is selective, but there is a comprehensive training that all employees receive when they first start at Google (Homem de Mello, 2019). They combine their training and performance guidelines very subtly, which helps in keeping the organization efficient as they go hand-in-hand.

### 3. Strategy

Strategic management deals with an organization's ability to plan for the future, analyze the environment and competitors as well as provide an effective strategic plan for the organization as a whole (Kenton, 2020). An important metric is Porter's Five Sources to maximize profits for a firm by evaluating immediate characteristics that have a direct impact on them (Mind Tools Team, n.d.). The five sources are competitive rivalry, supplier power, buyer power, the threat of substitution, and the threat of new entry (Mind Tools Team, n.d.)

### 3.1 Types of Strategies

According to Thompson (2019), Google's vision is "to organize the world's information and make it universally accessible and useful." Google has delivered on its promise as we see Google as the largest and most commonly used search engine today. Further, Google shows us accurate and reliable information. The stakeholders include students, professionals, employees, the federal government, investors, and advertisers. They are all impacted via Google products such as the search engine, cell phones, Gmail, Google Drive, and many other products.

A corporate-level strategy of Google would be to provide accurate information and innovation for everyone. To reach this goal, Google should improve their search engine and create reliable and well-rounded products that excite technologists and consumers. An industry-level strategy for Google would be related to smartphones. Google must make reliable, technologically enhanced, and well-rounded cell phones to limit competition among its competitors (Apple, Samsung). Apple, Google, and Samsung all strive to make the best phone in the industry, and their products compete head-to-head with each other. These companies constantly ask each other "how should we compete with each other and make the best phone?" which communicates their desire for dominance in the industry. Their firm-level strategy would connect directly with their vision. They must work on providing accurate and accessible information in the future to the whole world.

### Conclusion

Google is a unique and exceptional firm, whether it is innovation, commitment to their core beliefs, or the way they treat their employees, they are leading in the industry. Further, they have balanced leadership and the ability to coordinate departmental efforts

to have a more robust strategy. Good leadership among a multinational firm is essential for its success and Google combines it with an effective human resources department.

They begin with effectively training employees to make sure they have a sound skillset. After that, Google encourages these employees to express themselves freely, provides effective means to communicate issues, and genuinely cares for their employees. All these strategies and ideas combined make Google a successful organization. They have found ways to efficiently and effectively combine Google with Alphabet and make Google part of the conglomerate. This was a risky venture, but Google was able to pull it off. They also retained Pichai, a successful professional as CEO of Google and appointed him as the CEO of Alphabet too. It was the right move for Google because they continue to do well.

#### **Author's Note**

This paper is a modification of the original research paper to summarize the findings for a general audience. For a more complete and technical analysis of the results, please contact the author. His email is [msaudagar5@gmail.com](mailto:msaudagar5@gmail.com).

Their leadership and means of motivation are unique; they combine intrinsic and extrinsic rewards and give their spin on them.

Their commitment to human resources is applaudable. They constantly provide feedback, encourage employees to pursue leadership roles by providing hands-on experience, and analyze external and internal environments to make their employees feel valued. Their strategy of combining traditional strategies and introducing their system to reward employees has become successful. Google is known worldwide for its appreciation towards their employees. Google faces fierce competition in the technology sector and to give its competitors a run for their money, Google distinguishes and consistently tries to improve its products. Over the last twenty years, Google has proved to be one of the best, and they have a bright future ahead of them.

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