

Creativity and Innovation in Google

Abrar Alhajri

Imam Mohammed Bin Saud University

1. Introduction

As major primary drivers for growth and profitability in business, both creativity and innovation naturally feature at the top of many corporate agendas. Organisations have recognised that world-class operational excellence and efficiency alone are not enough to sustain competitive advantage and differentiation in rapidly changing environments and fast growing, challenging, global markets. Instead, leaders and businesses alike have striven to reward creativity and innovation.

Google Inc. is a good example of those few successful corporate bodies that truly harness their capital, human and psychological resources in fostering creativity and innovation. Google's generation of almost US\$30 billion revenues in 2010 and its assumption, in 2011, of the title of 'the world's most valuable brand' (Anon, 2013) testify to its success in launching a stream of new and innovative products – many developed in house, and some acquired.

2. Creativity and innovation

Creativity has been defined from two different perspectives: the individualist perspective and the sociocultural perspective (Sawyer, 2006). The latter is more relevant to the focus of the essay. Creativity has been defined as "the generation of a product that is judged to be novel and also to be appropriate, useful, or valuable by a suitably knowledgeable social group" (Sawyer, 2006). Another simple definition of creativity – provided by Dawson and Andriopoulos (2014) - describes creativity as the generation of novel and useful ideas. Innovation, as defined by Amabile (1988), is "the successful implementation of creative ideas within an organisation". Another definition of innovation - by Verloop (2013, p.3) – presents innovation as "bringing an insightful idea successfully to the market".

3. Creativity and innovation in Google

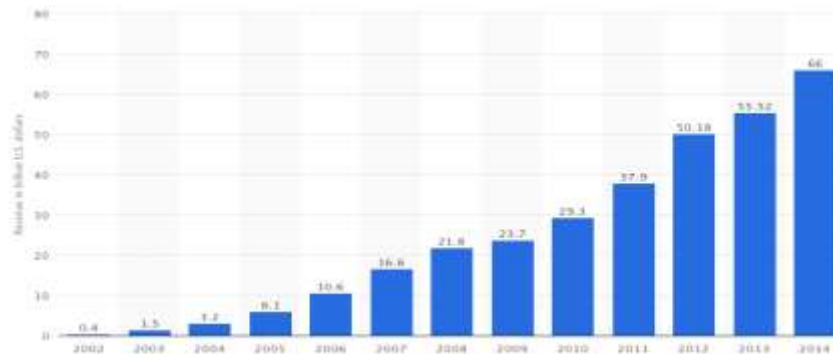
These ideals have specifically been identified as the main driving forces for the continued success enjoyed at Google. Creativity has several different manifestations in Google. And one of the obvious loci of creativity at Google is called "Google Labs" - where a number of new ideas are 'incubated', a process whereby Google welcomes users' thoughts about new ideas. Based on those comments, they can determine whether to develop the ideas further or start on new ones. It was in these labs that many creative ideas - such as Google Maps and Google Glass (Postaer, 2012) - were developed.

Google also has the belief that "ideas come from anywhere". So, on top of Google platforms, developers from around the world are invited to work with the Google App Engine, Android and the Google Web Toolkit. They are given the opportunity to create 'cool stuff', even though they are not themselves Google employees (Schmidt and Rosenberg, 2014). Henry Chesbrough (2003) introduced the concept of 'open innovation' as "ongoing collaboration with people, involving contributions from outside the company". In contrast, 'closed innovation' is kept in-house until the product hits the market. Google takes both open and closed innovation approaches, and the company has many projects following both models. Android and Chrome OS are examples of interfaces developed through collaboration between Google and the outside community (McPherson, 2011). Google Wave, meanwhile, is a good example of closed innovation, since it was developed without any external contribution, illustrating the strength of Google's own innovation ecosystem.

Another aspect of the priority given by Google to creativity is the company's adherence to a "20% time" philosophy, which encourages employees to allocate 20% of their work-time to developing side-projects and to working cross-functionally with other teams. Googlers are thus more empowered to think freely and implement new ideas and thoughts of benefit to the organisation as a whole.

In terms of innovation, Google's management has implemented innovation as an integral component in all its functions. The company focuses on an open-sourced partnership model that has resulted in the firm gaining contributions from a far larger number of potential innovators than are normally available to a company, bringing a diversity of minds to contribute to projects of all kinds (Postaer 2012). Google is successful both in terms of management and product innovation. The firm has succeeded in establishing and maintaining an outstanding management model for continuous innovation, and this has been propelled both by the company culture (an aspect to be discussed in the upcoming sections) and by the individuals involved. In Google, the level of innovation is radical. This is evidenced by some of Google's products – such as Gmail, Google+, YouTube, AdWords and Google Glass (Steiber, 2014) - which have radically upturned logical assumptions in their respective fields.

In Figure 1, we see evidence of how such successful innovative products have affected the company's revenues.



(Source: Statstia, 2014)

Figure 1: Google’s revenue between 2002-2014

4. Google’s Organisational Structure

Google’s structure has a huge influence on its creative culture. The company has adopted a flat structure with few hierarchal levels, and decisions at Google are made in teams.

Google adopts a cross-functional organisational structure, combined with a unique philosophy in which management positions are specialized by value chain activity. The company has also focused – to varying degrees - on flattening the structure. As Figure 2 shows, within each top-level activity, there is a multidivisional structure, where

small business units are divided on the basis of product market or geography. This hybrid form of functional and multidivisional structure works well for Google. It maintains a small-company feel, reflecting the belief that every employee is an effective contributor, and that everyone plays an equally important part in Google’s success. Employees love to work at Google, and not just because of perks, which include flexible working time and bonuses; they also love the fact that their work is assigned to them through this cross-functional leadership structure (MarketLine, 2015).



Figure 2: Google’s Organisational Structure

5. Google’s culture

According to Fortune Magazine and the Great Place to Work Institute, the culture it has pursued has paid off for Google, which consistently ranks among the world’s best companies to work for. Google was named the “Best Company to Work For” in 2014. Google remains listed among Forbes’s “Best Places To Work”, and figures cited by Dill (2015) show that the job satisfaction is about 84%, which is further evidence of the creative, fulfilling working environment and culture.

Google is trying to create an arena where people can be brought together to innovate (MarketLine, 2015). The company values innovation and creativity and rewards the fruits of these ideals. The Google work culture includes

plentiful perks, unconventional office designs, freedom, flexibility and transparency. Google has cultivated a creative and passionate workforce, and it is this passion that holds the key to the company’s innovation.

Many researchers have produced evidence highlighting the importance of culture to organisational performance and effectiveness (Ahmed, 1998). Rousseau (1989) has distinguished between the ‘working climate’ (environment) that reflects how one feels about the current setting, and the ‘working culture’, which stresses how one “should” behave in an organisation. Bessant and Tidd (2011) have made the same distinction between these two terms. They believe that climate is more observable on the surface level, and more amenable to change, while culture refers to the deeper values, beliefs, and norms within the organisation. Schneider

(1988) has defined culture as “the values that lie beneath what the organisation rewards, supports, and expects; the norms that surround and/or underpin the policies, practices and procedures of organisations; the meaning incumbents share about what the norms and values of the organisation are”.

Google’s organisational structure helps the company in nurturing a very creative environment. According to the company’s website, Googlers feel they can easily communicate within their groups and just as easily with their seniors. When Larry Page passes a message down, that message can easily pass throughout the company, because Google has a short chain of command. In order to determine a company’s culture, four factors are decisive: the people who work at the firm, the nature of the work, the role of the leader, and the manner in which the company is structured (formal organisation) (Gulati, Mayo, and Nohria, 2013) (see Figure 3). If necessary, Googlers can ask questions directly to Larry, Sergey and other executives about any issues they face. All offices, cafes and common rooms are designed to encourage interactions between Googlers within and across teams, and to spark conversation about work as well as play (Google, 2015c). Google's culture is very informal, and this informality gives employees more autonomy - in terms of the way they work, the way they dress (no uniforms), etc.

Based on the four cultural types that are identified by Cameron and Quinn (1999), Google seems mainly to be focusing on ‘People Culture’. Individuality is the main point, and as a result of this priority Google encourages employees to take risks and innovate. For example, when a vice president in charge of the advertising system made a mistake costing the company several million dollars, she apologized for the mistake (McPherson 2011). Larry Page the CEO has said that “he would rather run a company where they are moving quickly and doing too much, as opposed to being too cautious and doing too little”. This attitude toward acting fast and accepting the cost of resultant mistakes has created a culture that stands out among Google’s competitors (Martins and Terblanche, 2003). Many scholars indicate that an organisational culture that supports ongoing learning orientation should encourage creativity and innovation (Lock and Kirkpatrick, 1995).

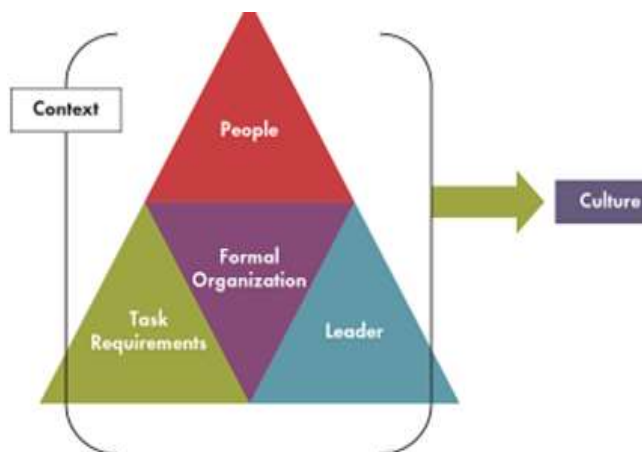


Figure 3: Cultural Determinants

(Source: Adapted from Gulati, R., Mayo, A. J. and Nohria, N. (2013) *Management*. 1st ed).

Laszlo Bock, Senior Vice President of People Operations at Google, says, “Personally, I believe this culture is an insight into the human condition. People look for meaning in their work. People want to know what’s happening in their environment. People want to have some ability to shape that environment,” he said.

Google offers remarkable perks and benefits. And here are some of them:

- Googlers get legal advice at no cost and, in the US, reimbursement of up to \$5,000 is offered to employees for legal expenses.
- Maternity benefits are provided, with a maximum of 18 weeks off at 100 percent pay. The father and mother of the newborn are given expenses set at a maximum of \$500.
- On-site, convenient medical services are provided, along with a free fitness center and trainer.
- There is financial support for adopting a child.
- An on-site car wash, oil change, bike repair, dry cleaning, gym, massage therapy and hair stylist are all available at the company’s headquarters (in Mountain View, California).
- At the Googleplex, there’s a facility to wash clothes, among other benefits.
- Lunch and dinner are available free of charge (Google, 2015b).

These benefit packages also plays a major part in attracting employees. Google states that - from their employee retirement funds to their free lunch and dinner program - they strive to offer customizable programs that suit the needs of each of the Googlers (Google, 2015b).

6. Google and managing change

In terms of maintaining its level of success in a rapidly growing environment, change, in any organisation, can be either a necessity or an opportunity. Organisations need to continuously and proactively change. Since the company’s establishment in 1998, many employees in Google have questioned the value of managers, believing that management is more destructive than beneficial. The triggers to change can either be external or internal (Dawson and Andriopoulos, 2014). And, in the case of Google, the instigator of change was an internal trigger that resulted in administrative adjustment (Frick, 2014).

A few years after the founding, Page and Brin wondered whether Google needed any managers at all. In 2002, they experimented with a flat organization, eliminating engineering managers entirely - in an effort to break down barriers to the rapid execution of ideas. That experiment lasted only a few months. The executives gave up on this plan when too many staff went directly to them with questions about interpersonal conflicts, expense reports and other issues. Furthermore, as the company grew, the founders soon realized that managers contributed in many other, important ways — for example, in helping employees prioritize projects, communicate their strategy, support their career development, ensuring that processes and systems are aligned with company goals and facilitating collaboration (Frick, 2014).

In 2006, Page and Brin hired Laszlo Bock to become the Vice President of the People Operations department. This department managed performance reviews. It also helped conduct and interpret the Googlegeist employee survey on career development goals, benefits, perks, and company culture. Thereafter, Bock hired Prasad Setty from Capital One to lead a People Analytics group. Setty recruited many PhD holders with serious research portfolios (Google, 2015a). This new team was committed to leading organisational change. The team used a change curve theory, which recognises four phases:

Phase 1: When changes occur, employees tend not to accept them, or resist the change

Phase 2: This is the stage where employees tend to be unwilling to accept the change and become negative towards the organisation as a whole.

Phase 3: This is when leadership takes place; employees start accepting this change and find out the benefits of such change for themselves.

Phase 4: This is when employees accept the implementation of the new objectives. Leaders make everyone ready to achieve the mutual goals (McPherson 2011).

7. Challenges facing Google

Despite Google's continuous innovation, the company has encountered problems related to its rapid growth. In May 2010, Google had over 20,000 employees. This size had a negative effect on the company's ability to maintain an entrepreneurial culture. The most often heard complaint was that the employees' skills were not being utilized (Lionel and Maija, 2010).

Another challenge for Google has been in expanding into new fields outside of its web search engine business. To promote new ideas, Google encourages all engineers to spend 20% of their time working on their own ideas (Google, 2015c). This was also achieved by acquisitions and partnerships as another corporate strategies used by Google in order to foster expansion beyond the Internet search engine.

The current challenges facing Google can be summarized according to:

- Culture: with such expansion in terms of the number of employees, teams, offices, locations, products and services, the challenge is how Google can make sure: 1) to continue to maintain the culture of hiring the right people, then making sure that innovation is continuous, and: 2) to maintain an entrepreneurial culture, thus addressing the complaint that employees' skills are not adequately being utilized (Frick, 2014).
- Diversification: this is about striking the right balance between how much to diversify in products and how much to control. Google is moving or has moved into mobile OS services, a web browser, robotics, artificial intelligence, cloud storage, laptop and tablet production, as well as computer engines, solar energy, cars, augmented reality eyewear, social media and many more spheres. The key objective is to maintain control over all these product lines and to understand how they will help Google achieve both

its current mission and further innovation objectives (MarketLine, 2015).

- Competition: Rivals – in the form of Apple, Microsoft, Facebook, Yahoo!, eBay, Twitter, Monster Worldwide, Research In Motion Limited, HTC Corporation WebMD, Kayak, Amazon, etc. are coming from all directions and posing competition in each of Google's various markets. Google therefore necessarily has a strategy on how to maintain its lead in the research space, advertising space and other revenue sources. Sundar Pichai is the new Product Chief at Google, now heading up the development of almost all products. It will be interesting to see what are the next big things he and Google can innovate.

As Eric Schmidt; Google Chief Executive, said: "We have to find a way to continue to be creative, with some more oversight" (Lionel and Maija, 2010).

8. Conclusion

Google is currently one of the most dominant global technological companies. The company's operations are based on solid ideals, which may be traced back to its founders and its origins. In a world crowded with many search engines, Google was the first company that put users first. The company's mission statement summarizes the commitment towards the end-user's needs: "To organize the world's information and to make it universally accessible and useful".

At Google, employees are more empowered to think freely and implement new ideas that benefit the organisation. Keeping their employees happy is a value on which they do not compromise. The company emphasizes such aspirations as risk taking, agility, and cooperation, believing that creative employees are the key factors in sustaining continuous creativity and innovation throughout the whole company. Understanding organisational culture is essential for a company to understand the norms, values, assumptions, meanings and expectations of their employees and clients. This is crucial in providing solutions to the growing market demands surrounding the organization. So far, the company has responded to several external and internal factors to change. And it has been vindicated in its belief that being dynamic is essential to survival in the face of vigorous competition.

Google has a reputation for being innovative and wildly successful. And this has its roots in its "Don't be evil" philosophy. Larry Page says about their philosophy, "We have a mantra: don't be evil, which is to do the best things we know how for our users, for our employees, for everyone. So I think if we were known for that, it would be a wonderful thing" (Google, 2015c).

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Author Profile

Abrar Alhajri is Bachelor of Business Administration, King Saud University. Master of Business Strategy and Entrepreneurship, Cardiff University. Lecturer at Imam Mohammed Bin Saud University.