The Corporate Entrepreneurship Analysis of Google

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Abstract. Since Prof. Schumpeter firstly gave the concept of creative disruption in the book Capitalism, Socialism and Democracy (1942) [18], entrepreneurship has been formally regarded as an independent branch of economics and business field (Tripathi et al., 2022) [8]. Four decades later, the inchoate entrepreneurship theory cannot effectively explain the emerging situations within the firm level. To resonate the reality, the theory of corporate entrepreneurship (CE) was gradually developed by some scholars, take for example Schollhammer and Miller. Albeit that there are some obvious discrepancies among these researchers, they have identically mentioned the undoubtable importance of CE to be used as a kind of innovative mechanism to redefine and rejuvenate the established organizations. Relying on the execution of CE, enterprises will improve competitive positioning and transform themselves, their markets, and industries as opportunities for value-creating innovation (Covin and Miles, 1999) [5]. For this report, it will firstly evaluate the corporate entrepreneurship performance of the chosen firm (*id est.* Google LLC.) with a brief introduction of it. Then, in accordance with the measurement results, it will give some practical recommendations for Google LLC. which can facilitate its CE progress.

Keywords: Corporate Entrepreneurship, Digital Business Management, Organizational Construction.

1 Introduction

According to the Wall Street Journal (2021) [21], Google which was founded by Page is described as an innovation-based multinational technology company that specializes in creative internet services and products, which include online advertising technologies, a search engine, cloud computing, software and hardware. It is considered one of the Big Five companies in the U.S. information technology industry (Birch and Bronson, 2022) [23]. As for the evaluation standards, the seven CE dimensions (strategy, culture, sources/challenges, external stakeholders, structure, uncertainty and learning scheme) will be discussed in this report to conduct the diagnostic framework of CE (Kim and Park, 2021) [24]. Moreover, this report will finally put forward CE change programs for Google.

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2 Strategy

In the business context, the strategy involves the formulation and implementation of the major goals and initiatives taken by an organization (Nag, Hambrick and Chen, 2007) [16]. Once being set up, it provides long-term guidance for the corporation (Chandler, 1990) [2]. Furthermore, the corporate innovation strategy is always placed at the central position of the entrepreneurial activities of the firm (Cooper et al., 1995) [4] and can be defined as a vision-directed, organization-wide reliance on entrepreneurial behavior that purposefully reactivates the organization through the exploitation of entrepreneurial opportunity (Ireland, Covin and Kuratko, 2009) [12]. As for Google, it adopts the *Massive Transformational Purpose (MTP)* to sustain its dominant market standing (Dimitrov, 2022) [25]. Referring to the *MTP*, Google has set up a wider goal called "Don't be evil" as the motto rather than just haunting profits. On the entrepreneurial layer, compared with the traditional viewpoint which asserts that the innovation mainly stems from the entrepreneurial experts and top-line managers, Google strongly advocates it comes from anywhere including the top down as well as bottom up, and in places you least expect (Leong, 2021) [15]. In 2009, a medical doctor from Google's logistics department argued persuasively that Google had a natural obligation to rescue those people who browse the way to suicide on search engine. This breakthrough idea calls for the adjustment of the search engine's response so that the top screen explicitly reveals the toll-free phone number of the National Suicide Prevention. Data proves that the call volume went up by 9% soon thereafter to save more lives in the world. After accumulating the feasible pathways to execute the CE concept, Google formally set up the "20% time scheme" to entrust employees 20% working time for their own internal entrepreneurship projects which are conducive for the company. Under this scheme, tremendous core products were autonomously incubated by front-line employees including Gmail created by Buchheit and Google Map solely developed by Rasmussen Brother (Poundstone, 2024) [27]. It is obvious that Google correctly utilizes the *MTP* to ignite the innovation process. To further explain, its entrepreneurial strategy embodies the holistic slogan. It is precisely because of the perfect combination of "Don't be evil" and "Innovation comes from anywhere", Google's products become more humanistic, vivid and plentiful laying the solid foundation of the industrial pioneer.

3 Culture

After being initially introduced by Jaques (1951) [13], the organizational culture has been recognized as a pivotal factor in terms of the corporate sustainability. Formally, according to Schein (1990) [17], organizational culture is a comprised number of features, including a shared pattern of basic assumptions which staff has acquired imperceptibly when they learn to successfully deal with organizationally relevant tasks. With the continuous focus on intra-firm entrepreneurship, many scholars argue that the design of the internal environment is critical to the efficiency of innovation management. Google devotes itself to shaping a series of cozy innovation atmospheres because, as the leader of ICT, it needs the uninterrupted innovation to keep its product line up to date to safeguard its comparative advantages. Normally, the workplace layout is the most intuitive window to understand the culture of a firm. In Google, the design of its offices is emblematic of the internal innovation culture. Meanwhile, assisted by Google's leadership philosophy, this kind of decoration will promote the creation. However, to some extents, the over-emphasis of the innovation culture may unexpectedly exert some negative effects on Google. Specifically, one principle of innovation culture, called *fail well* (*id est.,* eliminate products that don't meet expectations rather than being stigma), is criticized that it lacks the basic respect to consumers. Notwithstanding this principle has cultivated the company as an idea factory, it systematically disappoints users who have invested time and effort in these products, ruthlessly telling them to find themselves a substitute. For instance, in 2012 Nexus Q was launched as the counterpart of Apple TV which attracted thousands of initial developers to test. However, Google terminated its operation after 6 months later leading to lots of complaints of IT KOLs (NYT, 2015) [28]. Over time, users will definitely wonder if it's worth to try out Google's next innovation. Concurrently, this unorthodox culture may frustrate employees' morale when they witness the death of their creativity to question whether the leadership layer cares about the voice from the front. Echoing the analysis of Dans (2021) [10], *fail well* is one thing, but leaving people high and dry isn't good for any company.

4 Sources and Challenges

Like Machado and Davim (2025) [9] said, studies of innovation management have often focused on technologies and markets. Previously, scholars commonly claim that the dual axes innovation paradigm can adequately handle the variables in the entrepreneurship. However, within the mix to interact with the technology and market push, design-driven innovation has recently gained more attention among researchers as a source of innovation (Verganti and Öberg, 2013) [20]. With regard to this kind of innovation, it can be defined as a push, which gains power from myriad resources to change the meaning and the technology of the product. The leading application in is the ground-breaking Google Glass which has been put into the procurement list by many international enterprises shown in the *Figure 1* to increase their operational productiveness. The development of the Google Glass, distinctly, is adventurous because Google decides to actualize much applied research into commercialization like *Augmented Reality* (Rose, 2021)[26]. More crucially, Google Glass has ultimately disrupted the conventional meaning of a pair of glasses. It unlocks the new possibility of wearing a pair to empower the betterment of work experiences. This report concludes that, due to the adoption of the design-driven innovation, Google can design disruptive products. Hence, it illuminates that, the market needs are also a significant factor for CE for decision making.

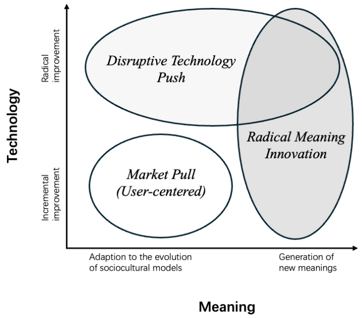

Fig. 1. Pattern of Design-driven Innovation (Kembaren, Simatupang and Larso, 2014) [14]

5 External Stakeholders

External stakeholders are a group of people who is related to the enterprise like *Figure 2* described. Moreover, in comparison to five decades ago, it is impossible for a company to fully command the entire supply chain as well as the entrepreneurial chain. The general trend of CE is that enterprises will coordinate the internal human force and external stakeholders to accelerate innovation. Considering the practices of Google, it is a benchmark of open innovation which is the use of purposive inflows and outflows of knowledge to enhance the internal innovation (Chesbrough, 2003) [3]. Since the establishment of Google, Page has been aware of the essentiality of external networking to flexibly and optimally allocate resources. Hence, at initiation, when Google engaged in the operation system for smartphone, Android's entrepreneurial goal is to construct an ecosystem-styled platform pushing what is possible. This vision attracts lots of hardware manufacturers and software developers to join the alliance of Android. As a result, Android has become the largest operating system provider in less than a decade (Statista, 2021) [19]. Also benefited by the open innovation, Google acquired one of hardware vendors HTC. A team of HTC talent would join Google as part of the hardware organization to closely work with the Pixel smartphone (*id est.,* Google's smartphone brand). In the meantime, the deal also granted a non-exclusive license of HTC intellectual property for Google. In brief, Google has proven that the open innovation method can generate bidirectional feedbacks between the company and external stakeholders in a positive way. This report predicts that Google will gradually expand its network alliance in the future to gain more interest.

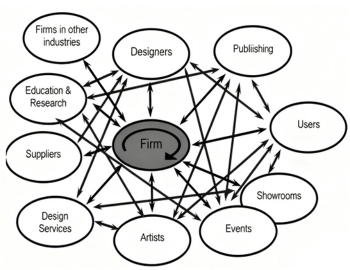

Fig. 2. External Stakeholders (Kembaren, Simatupang and Larso, 2014) [14]

6 Structure

The classic definition of organizational structure given by Weber and Pugh (1997) [22] said it relates to the activities such as task allocation, coordination, and supervision which are directed toward the achievement of organizational aims. Specifically, in this report, the investigation of Google will illustrate that Google's new structure can be beneficial to its CE. As Google has dramatically grown in recent years, its internal structure has become bloated, putting it at a disadvantage to competitors including Microsoft and Facebook. In consequence, Google decided to set up a new parent company and separate the divisions from Google, simplifying the corporate structure and clarifying the division of responsibilities to promote innovation. In result, Google LLC. would transform itself to a wholly-owned subsidiary of Alphabet Inc. Generally speaking, Page's open letter can state the dilemma confronted by Google to push this term of re-structure: "We've long believed that over time companies tend to get comfortable doing the same thing, just making incremental changes. But in the technology industry, where revolutionary and innovative ideas drive the next big growth areas, you need to be a bit uncomfortable to stay relevant." After the regrouping, some pieces of literature optimistically conclude that, from many categories including revenue, profit and patent application quantity, this transformation of Google's organizational structure can undoubtedly be considered a great success.

7 Decision Making Under Uncertainty

From a broader perspective, the Internet industry has seen many crises and reshuffles since the end of the last century, with many once-leading Internet companies collapsing or being acquired in the Internet bubble. It can be said that there is always a great deal of uncertainty in the operation process of Google, which requires the leadership to have the ability to make entrepreneurial decisions amidst risks. According to the investment theory presented in Figure 3, as investors hold more stocks, risks will be largely dispersed. Analogously, in the entrepreneurial world, Google has adopted a similar strategy (*id est.,* portfolio management) to spread its operational risk. On the one hand, after Google transforms into a subsidiary of Alphabet, it completely separates its original business division into a new limited liability company to enrich Alphabet's product line. On the other hand, inside Google, it is constantly launching new products and services to meet the needs of the market. In accordance with a CNN report, before the pandemic, Google would announce new products to join the Google ecosystem at its annual spring and fall product press conferences. Thanks in part to its rich product line, Google's revenue has bucked the trend despite the coronavirus pandemic. Thus, portfolio management of Google can be regarded as a perfect CE practice.

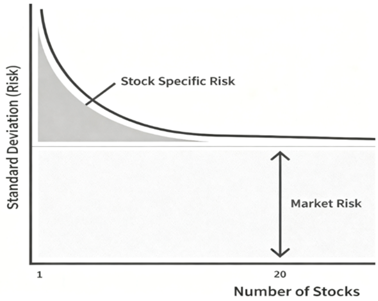

Fig. 3. Risk Diversification with more Stocks (Investopedia, 2021) [11]

8 Learning

In the era of the knowledge economy, once any company falls into the state of stopping learning and refusing to change, it will be dangerous or even fatal to the development of the enterprise (Edmondson, 2012) [7]. For example, Kodak and IBM were both industry leaders but failed due to persistent leadership. To overcome innovation dilemma, the best organizations are alleged to balance explorative and exploitative learning contemporarily. In practice at Google, it's all about committing itself to ambidexterity, both in terms of corporate culture and learning. Google has made several big changes over the years, from the formation of Alphabet to a greater focus on learning from competitors' strengths. Unfortunately, based on a report released by CNBC (2020) [1], many Google veterans believed that as the company has grown 300 times in size in 20 years, Google's bureaucratic tendencies have become more pronounced contributing to the rejection of imaginative thinking. Concerning the actions of HR, the recruitment of new employees is no longer focused on the innovation ability. Instead, they swift criteria from innovation itself to candidates' educational background, internship experience, execution capability even family orientation. The biggest risk is a brain drain. In 2020 alone, more than 300 Google employees who have worked at the company for more than five years left because of what they saw as the company's proclivity of bureaucracy showing the aversion of new ideas, the inertia of change and the mediocrity of talent selection (Levy, 2021) [29]. These former employees who choose to start businesses or join start-up companies are the pivotal factor leading to entrant's disruption. Consequently, our report argues that despite Google is still the most agile company in the field, if Google will fail to correct its creeping bureaucratic tendencies and focus on the potential risks when it gets too big, it will do irreversible damage to the company.

9 Change Programs and Conclusion

At the end of this report, in view of Google's performance in the above seven innovation dimensions, we will put forward three suggestions for the company's future development. In terms of organizational culture, the innovation culture should not be single, undiversified and KPI-styled. In the sector of performance evaluation, Google has introduced OKR as the main salary accounting indicator (Doerr, 2023) [6]. Similarly, Google should move away from using the speed of iteration as the hegemonic measure of innovation. It is suggested that Google is essential to seek a more balanced way to reconcile its innovation culture exactly like *"fail well"*. Thus, the report argues innovation is a plural concept. Companies should also incorporate CSR idea into their innovation culture making themselves more society friendly. As far as design-driven and groundbreaking innovation is concerned, we should also focus on whether the market is at least partially ready to embrace disruptions. Entrepreneurs shall understand a fact that every innovation should be pragmatic and tested by the market through the commercialization process. If the market feedback is negative, it will not mean that we need to disavow this product. On the contrary, we need to increase investment in marketing and innovating simultaneously, such as promoting the technology through social media and expert lectures. Additionally, when it comes to organizational learning, rigidity with bureaucracy in thinking is largely the inevitable consequence of getting too big. Therefore, the report may suggest continuous learning is required. Companies shall mandatorily involve their employees to join the training sessions to refresh the mindset and replenish the knowledge to overcome the bureaucracy and foster the innovation. In this point, Huawei takes a good example to make sure all fulltime employees to be included into the yearly and quarterly trainings with strict after-class examinations. More importantly, Google should fixate on its main business instead of over-diversification. Chinese Hengda explicates the drawbacks of over-diversification. Hengda which is overwhelmingly diversified at the peak, controlled 4 sectors over 3000 subsidiary corporations bringing out the chaotic internal control and poor financial performance with 2338 billion bad debt after the pandemic (Hung et al., 2024) [30]. Thus, this report claims that by streamlining its product line and re-underlining its corporate mission, Google shall summarize a more mature pattern, which comprehensively considers R&D cycle, ROI rate and synergy effect to appropriately optimize product portfolio and judiciously evaluate pending research projects. Clearly, CE does not contain only the seven dimensions of this report. In the future study of CE, enterprises should be targeted for in-depth research, so that to put forward a more feasible plan for the change of firms.

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