Extended Essay in Business Management

The Corporate Culture of ORACLE

Title: Corporate Culture at Oracle.

Research question: “To what extent can Oracle’s success be contributed to its Corporate Culture and Organizational Structure?”

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Introduction

Oracle is a multinational computer technology corporation that is world renowned for its databases for storing and retrieving information. It was established in the summer of 1977. Presently, Oracle is recognized as a market leader in its cloud engineering system database. (Oracle) The aim of this extended essay is to answer the question, "To what extent can Oracle’s success be contributed to its Corporate Culture and Organizational Structure?" The corporation has gone from a company in which no foreign investors would invest to become the market leader, and the second largest software revenue maker. (pwc) This essay will focus on Oracle’s human resources topic of the Business Management course syllabus. During my early research it was quickly apparent that Oracle’s organizational structure and corporate culture became a predominate factor in its unparalleled accomplishments.

The core of the company’s management style comes from its joint Chief Executive Officers (CEO) Mark Hurd and Safra Catz, and especially from its past CEO, Larry Ellison, who was an original Oracle co-founder. Ellison relinquished his Oracle CEO role in 2014, but he still serves as Chairman of the Board and Chief Technology Officer. Ellison still remains Oracle’s largest shareholder holding 25% of the company that is worth $1.1 billion in shares. (Rushe) He is ranked number 4 in the 100 Richest Technology Billionaires in the World 2017 with a net worth of $59.3 billion. (Forbes) Oracle was the major sponsor of Team USA, which was the Defender of the 2017 America’s Cup, which boasts as the world’s oldest international sporting trophy. As the America’s Cup Defender, Team Oracle USA, had the right to stage the event in any location, and decided on hosting this Cup in Bermuda (BOAT international)

It is essential to properly address the research premise in order to create a clear depiction of Oracle’s corporate culture, the in-depth description of its organizational structure and to analyze its leadership styles. Charles Kettering, the noted inventor and head of research for General Motors once said, “a problem well-stated is half solved”.

This is a picture of Team Oracle USA foiling in Bermuda’s waters. (Fierman)
Methodology

The data used to examine the reason for Oracle’s success through corporate culture and organizational structure is from secondary sources. I utilized many sources from various websites, case studies reports, articles and books. Furthermore, I used reliable personal blog posts in order to obtain a direct perspective or past viewpoint from within the corporation itself. The primary data of two photographs I personally took of Oracle’s business premises in California and in Toronto, Canada. By using a wide range of sources an objective viewpoint in understanding Oracle is necessary in order to answer the research question. Is Oracle’s success based on its corporate culture and the effectiveness of its structure? One needs to know and understand all other factors that may also influence Oracle’s success.

Each source will give an inclusive impression in order to understand the Oracle business model, which will then be inserted into a relevant Business Management context. An analysis of Oracle’s accomplishment will then be compared to another multinational technology company such as Google. Evaluating Google can deduce Oracle’s importance and effectiveness by evaluating both.

Theory Used

This essay utilizes the majority of the theory that comes from Unit 2 of the Business Management syllabus: human resources. Firstly, I will examine Oracle’s organizational structure and prove it has a centralized structure. This will link with Oracle’s leadership style of the present and its previous autocratic management style of its co-founder, Larry Ellison. Oracle’s structure will then be applied to Mintzberg’s framework to understand Oracle’s most significant elements, which is essentially its corporate culture. I will utilize Charles Handy’s theory to ascertain its corporate culture. This will establish the importance of the numerous components of Oracle, and thus forming the foundations and background of Oracle’s corporate culture. Then lastly, I will compare Oracle to Google’s culture and organization and analyze using Maslow’s hierarchy of needs, in order to get a definitive answer to the research question.
The Culture and Organization of Oracle

Background

Oracle is a 40-year-old multinational computer technology corporation, which provides cutting edge technology capabilities in database software and infrastructure technology. Oracle specializes in cloud-engineered systems and it offers other arrays of different services and products like mega hard drives. (Lestini) Oracle was founded in 1977 under the name Software Development Laboratories (SDL) with only four employees. The co-founders, Larry Ellison, Bob Miner and Ed Oates, invested a mere $2,000 of their own money and they received no outside funding. This was reasonable since software is not a capital-intensive business, but rather more skill based. Larry Ellison stated in an interview, “We were profitable from the days we opened our doors.” From the outset Oracle made money, except only lost money in one quarter in the beginning Ellison stated. (Ellison) As software engineers they saw potential and truly implemented first movers advantage as in 1977 there was no other similar company.

Over the decades, Oracle Corporation’s share price has gradually increased; this is seen in the share prices on the graph below. Shares started out at $0 and now ranging around $50 a share. (Yahoo! Finance) Presently, Oracle is the second largest software revenue maker (pwc) and arguably one of the most successful software companies in the world.

Fig. 1 Oracle’s share price

![Oracle Corporation’s share price graph](image)

Oracle Corporation’s (NYSE:ORCL) share price in US dollars over the years, from 1977. Source: Yahoo! Finance

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Organizational structure

The first aspect to be examined is Oracle’s organizational structure\(^2\), which is significant to answer the research question of Oracle’s corporate culture\(^3\). An organizational structure is essential to have as it provides guidance to the roles and clarity to the responsibilities such as managerial authority to a business.

Oracle has recognized the true importance of having a clear organizational structure. Oracle has even designed an online tool that helps any business create a hierarchy diagram called ‘Oracle Fusion HCM Cloud Applications.’ (Oracle Fusion) Further this is demonstrated in a quote that was released in a series of articles by Oracle\(^4\):

“A poor organization structure makes good performance impossible, no matter how good the individual managers may be.” - Peter Drucker, *The Practice of Management at Oracle*

The quote highlights that if the organizational structure is poor, despite all other facets of the corporation being excellent, good performance is unreachable. The quote states that everything relies on establishing a good organizational structure, which the success of the business is dependent. In my research, I found an organizational chart of Oracle\(^5\) that highlights Oracle’s centralization structure. (The Official Board) As the hierarchy reflects that the decision-making process is handled strictly at the very top clearly indicates its centralization. This Oracle chart has a tall organizational structure even though there are many levels of the hierarchy. There is a narrow span of control therefore individuals positioned at the higher level of the hierarchy will have significantly more control.

\(^{2}\) An organizational structure is the roles and responsibilities of a business, also reporting lines between individuals in the business. (Oxford University Press)

\(^{3}\) Corporate culture is the attitudes, experiences, beliefs and values of an organization are the elements that make up corporate culture. (Oxford University Press)


By applying Charles Handy’s theory it is evident that Oracle has a power culture. The organizational control culture is concentrated in a certain few individuals. Larry Ellison was one of those individuals. To reinforce this I found a different organizational structure for Oracle:

**Fig.2 Oracle’s organizational structure**

This sketch is a humorous approach to Oracle’s organizational structure (Cornet)

Figure 2 demonstrates that Oracle has changed from being a database empire to a buying empire. This sketch highlights the need for such a large legal team as Oracle has been buying technology company after technology company continuously. Multinationals companies are put under scrutiny where flaws are bound to come up. On the organizational sketch there is only one higher dot representing an individual above “legal” and “engineering” representing the very top-level echelon of the Oracle hierarchy which makes the all-important decisions. This clearly demonstrates that Oracle’s organizational structure is organized by hierarchy. Delegation rarely takes place in a centralization organizational structure so leadership is likely to be autocratic.
Corporate Culture

Corporate culture is immensely important and that culture certainly incorporates many facets. When an organization has an energetic positive corporate culture this truly empowers its employees. However, on the other hand a corporate culture, which is toxic with corporate culture clashes, will ordinarily diminish long-term productivity. A business’s culture does not change immediately as change takes place when behaviors change.

This seems to hold true as the centralized structure of Oracle’s core values and culture that is exhibited by Oracle’s management and team was indelibly shaped and defined by Larry Ellison, who had an autocratic business leadership style as he held most of the decision making and power as much as possible thereby controlling every aspect of the Oracle organization.

An application of Mintzberg’s framework of organizational structures can be applied to Oracle’s structure. This framework analyzes an organization into six basic divisions:

1. Key decision makers are at the **strategic apex**
2. **Middle line** or middle management
3. **Operating core** is also known as operational process
4. **Technostructure** is made of the systems and infrastructures of technology
5. **Support staff** known as supplementary staff support
6. Finally **ideology**, makes up of the five other divisions refers to the culture of the organization

An application of the model above to Oracle shows that the strategic apex is decision-maker and that the leadership is centralized. That classifies Oracle as an entrepreneurial organization by Mintzberg’s theory. The ideology of Oracle portrays highly motivated employees.
According to Mintzberg, entrepreneurial organizations characterized into having a centralized structure. This certainly applies to Oracle. This supports the organizational chart for Oracle drawn by Cornet. In an article, it states: “Larry Ellison ran Oracle as a feudal monarchy, and it won’t be the same if he’s no longer king.” (Paul) Oracle’s culture is described as having an organization that is a “feudal monarchy” having all the sway and power originates from the King: Larry Ellison. Oracle is a highly centralized company as there is only one key decision maker. However, since Larry Ellison stepped down in 2014 there is a co-CEO arrangement as Mark Hurd and Safra Catz are both CEO. (Rushe)
Leadership Style

The history of co-CEO ordinarily do not tend to be successful especially in an autocratic leadership style, however previously Hurd and Catz worked well together as co-Presidents under Larry Ellison. (Sullivan) Having two CEOs can be beneficial, as each person brings their own particular skill set and can divide up the work load. I found it surprising that Safra Catz is a woman. Catz is now one of the most influential and best-paid females in Silicon Valley. As well as being a co-CEO, she has remained the Chief Financial Officer, oversees legal and manufacturing operations. (Rushe) Having a woman as one of the CEOs is unusual, as only 4.6 percent of Fortune 500 CEOs are women. (Ilgaz) As having a leadership role is male dominated, at Oracle Catz has broken through the glass ceiling. Which many of her employees can find inspiration in.

Even long after Ellison had stepped away from the Oracle hierarchy his corporate business persona has shaped Oracle’s future corporate philosophy. Oracle’s fixed corporate compass is communicated in its official vision statement, which creates a clear goal for its employees. This overlying goal to all its employees will motivate them through its vision statement:


Oracle’s business ethos adopted important methods of communication with its customers and its ways of introducing meetings are aligned with the company’s strategy, as it is a customer-based company. For external stakeholders, a tool like a vision statement binds and informs the customer to the corporation’s overall ethos to ensure that the customer and business share the same objectives. For instance, an Oracle customer will certainly focus on the words like ‘speed’, ‘reduce cost’, ‘easily available’ and ‘improve operational efficiency’ which are essential components that customers are seeking, and so giving a sense of shared beliefs.
Oracle is a business that helps other businesses, as it has published articles on motivating its own employees in order to aid its clients. For instance, Oracle published the article ‘5 Ways to Boost Motivation in the Office’⁶. It is implied that Oracle will motivate its staff by taking advice from its own article. There is no official information that Oracle offers financial rewards to its employees when managers rate their own employees highly, however it is implied as Oracle is the second largest software revenue maker. (pwc) Oracle does use other non-financial techniques such as teamwork, and working collaboratively in a group in order to solve a problem. This can spark innovation and high performance in having more highly skilled individuals write software programs. However, failure can amplify tensions within relationships and so decrease employees’ productivity and innovation. For example, having chic modern working facilities do make a positive working environment, which I experienced firsthand as I randomly came across two of Oracle’s business premises in California and in Canada⁷. It is essential that its employees are emotionally content with their jobs and this will certainly entail their work environment in order to tap into the maximum potential of each employee.

⁶ Clair, Andreea. 5 Ways to Boost Motivation in the Office. 8 August 2016.
⁷ Appendix A, on page 20
Comparing to a competitor

When it comes to the management of business, the idea of there is no one best way of running a business however similar the businesses will best be suited by the different management styles. Google’s unique corporate culture is credited for its unprecedented success. Google is the number 1 Best Companies to Work For by Fortune. (Fortune) Google’s corporate culture is the day-to-day living and the values which daily we as individuals strive to obtain. Google’s corporate philosophy is that its employees more than any other physical asset or business plan is the backbone of a strong company. Google by adopting a thoughtful company’s ethos has reached beyond its potential, and it has simply itself overachieved. Google’s corporate culture is world renown as reflected in the film ‘The Internship’ released in 2013 about two mid-forties salesmen who find themselves in an internship at Google, and they must find methods to keep up with the younger tech savvy interns. (imdb) The film highlights the perks for working at Google such as free modes of trendy transportation, gourmet food and recreation to aid innovation in an ultra-modern work environment.

Google’s organizational structure is decentralization, which is completely the opposite from Oracle; this is conveyed by figure 4. Google has a flat organizational structure by having fewer levels of hierarchy and having a wider span of control, and so this shortens the chain of command. This decentralizes decision making therefore delegation is more likely to happen. Google’s business organization model the leadership is democratic.

Fig.4 An alternative organizational structure for Google

This is a humorous approach to Google’s organizational structure (Cornet)
This sketch demonstrates that at Google there is no clear centralized direction and it encourages numerous projects. Google’s engineers can easily create and develop a new project and just as easily abandon any project which allows the absolute freedom to think and be innovative which is a great motivating factor for Google’s employees. The non-financial reward for job enlargement at Google may include job rotation, which brings about job enrichment. This allows individuals to do more tasks as Google’s organizational structure is by function. For instance, at Google there is a statement: "We encourage our employees, in addition to their regular projects, to spend 20% of their time working on what they think will most benefit Google." This is one of Google’s famous philosophies called the “20% time” created by the founders and was the genesis for Gmail and Google News. (D’Onfro) Job rotation empowers employees as one obtains more responsibility and one can learn more about other departments. This could make it easier for employees move to other departments or even reduce project burnout.

Oracle can definitely take some advice by just looking at Google’s unique culture being not typical of a technology corporation. Having a flexible workplace and many perks of good health care, free meals to even death benefits. This demonstrate that Google covers the first four levels of ‘Physiological’ of basic needs, ‘Safety’ needs, ‘Love/ belonging’ and ‘Esteem’ in Maslow’s hierarch of needs, as seen in figure 5. (Oxford University Press 137) Having the first four levels that is considered as basic needs are surpassed in order to reach the peak of ‘Self-actualization’. Looking at some of the words this entails in the box ‘morality’ Google makes an important stand on its transparency, by having a motto of “Don’t be evil”. (Ward) Another word is ‘Creativity’ as Google encourage this in the “20% time” rule, and so inspires its employees to take on personal projects of their own. (D’Onfro)
Fig. 5 Maslow’s hierarchy of needs

The analysis of Google using Maslow’s hierarchy of needs has demonstrated that Google’s employees are highly motivated. Google demonstrates intrinsic motivation as the motivation stems from satisfaction of carrying out an activity that employees are interested in and are given a great degree of freedom. (Oxford University Press) Whilst Oracle in it is revealed to have extrinsic motivators as job satisfaction is not always guaranteed however one would be compensated instead. At Oracle motivation is resulting from external factors for instance money.

Google values on have a customer first based approach however will not put in jeopardy the unhappiness of Google employees. Employee empowerment has played a key role into Google being the company it is today. Google’s management style certainly could benefit other companies in the technology sector, however just not on Oracle. If Oracle had Google’s decentralization structure over being a centralized structure the company would be the same as it is today. Without visionaries like Larry Ellison and having a definitive structure Oracle would not have advanced and expanded into the globally recognized brand it is today.

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Success at Oracle

It is evident that Google’s and Oracle’s organizational structure and corporate culture are polar opposites. However, despite being different, both corporations are successful software technology corporations. Therefore, how can Oracle’s success be measured. It can be measured and assessed from its share price raising over the years from $0 to ranging around $50 a share. One may also rate Oracle’s worldwide success by its own client list of other billion dollar multinational businesses like Coca-Cola, Swarovski and Toyota which all employ Oracle for its services. (Oracle) Or it can be by Oracle having 430,000 plus customers worldwide in 175 different countries. By having more than 138,000 employees and 40,000 of them are developers and engineers Oracle has ensured for ongoing innovation and constant growth opportunities as shown in figure 6. (Oracle)

Fig. 6 A table of Oracle’s innovation over the years⁹

Oracle started out with just being an innovative relational database. Oracle has increased and advanced and so pushed the rest of technology and competitors with them. (Oracle) By being first movers into this information technology, Oracle was essentially the creator of this market. Currently Oracle is the world’s number 1 database available by having ‘advanced

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security, rapid analytics, greater agility, and significant cost savings.’ Presently, Oracle offer aid servicers, virtualization software, storage equipment, a range of applications, seminar courses on Oracle’s database are just to name a few services and even products Oracle offers. (Oracle) Some of these services highlight its dedication to its customers as Oracle has 16,000-support and services specialist that can speak 29 different languages.

The rapid advance of technology over the last 40 years has grown and allowed Oracle to thrive by the launching of the most successful enterprise computing products in the world. (United State Securities and Exchange Commission) All of these factors come down to Oracle’s culture and organization of its structure. Oracle’s corporate culture is a dominant factor that has lead Oracle to success, and could not happen without its organizational structure as well. In the end both these aspects have been essential to Oracle’s success.
Conclusion

The organizational structure created by Oracle’s ex-CEO, Larry Ellison, was influenced by his autocratic management style that created a person-centered aesthetics and brought value in the corporation’s innovations. A belief that a worthy contribution does not go unnoticed is vitally important, and so driving its employees to attain unimaginable heights. A culture of strict accountability and great expectation has made Oracle the company it is today.
However, there are other notable factors, which have contributed to Oracle’s success: non-financial benefits and leadership style.

In the key findings and analysis of its corporate culture, signify that the employees working at Oracle are highly motivated with the present leaders guiding their potential. A management style of strict accountability and control allows the company to excel in the market.

My finding also highlights that the organizational structure of the co-CEO arrangement of Mark Hurd and Safra Catz does truly work as their personal and business acumen, values and vision are fused together effortlessly with little conflict to form Oracle’s continuing corporate culture and identity. Its corporate culture has significantly improved since the co-founder, Larry Ellison, relinquished his CEO position, now being less autocratic leadership. I have applied Business Management theories to Oracle’s corporate culture and organizational effectiveness as well as the application of business tools and by comparing Google, which is a similar corporation, in order to ascertain the effectiveness of these factors, which contribute to Oracle’s overall and rampant success.

This essay answered the research question, “To what extent can Oracle’s success be contributed to its Corporate Culture and Organizational Structure?” Both of these interconnected aspects are key contributors to the performance and success to Oracle being a major multinational computer technology corporation over the last 40 years. These two aspects have definitively played critical roles in contributing to Oracle’s worldwide and overall success.
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Appendix A

These are photographs of Oracle’s offices, which I have come across on my travels. Whilst visiting California in July 2017, I was in shock to see the Oracle sign so I snapped a photo. The second photo on the right was taken while visiting Canada.