

# Extended essay cover

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Title of the extended essay: <u>THE CORPORATE CULTURE AND LEADERSHIP</u> <u>OF APPLE INC: TO WHAT EXTENT (AN APPLE &amp; INC.'S SWILES BE</u> <u>ATTRIBUTED TO IT'S CORPORATE CULTURE AND STEVE JOBS'S LEADERSHIP</u> STYLE?				
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International Baccalaureate, Peterson House, Malthouse Avenue, Cardiff Gate, Cardiff, Wales, CF23 8GL, United Kinodom

#### Supervisor's report and declaration

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Please comment, as appropriate, on the candidate's performance, the context in which the candidate undertook the research for the extended essay, any difficulties encountered and how these were overcome (see page 13 of the extended essay guide). The concluding interview (viva voce) may provide useful information. These comments can help the examiner award a level for criterion K (holistic judgment). Do not comment on any adverse personal circumstances that may have affected the candidate. If the amount of time spent with the candidate was zero, you must explain this, in particular how it was then possible to authenticate the essay as the candidate's own work. You may attach an additional sheet if there is insufficient space here.

#### Supervisor's report

research and writing working process on this essay has been very satisfying) His research and writing on this essay began in the summer of 2011 and was submitted the 4th of October 2011. Thus, all of the research and analyses in the essay about the significance of Steve Job's leadership and corporate culture for Apple's succes was completed before the death of Steve Jobs (the 5th of October 2011) and the flood of new information about the inner workings of Apple that followed his death - most notably the biography on Steve Jobs by Walther Isaacson. In my view this makes very thorough research and analyses on Apple - which is both an extremely hyped, and the same time very secretive company - even more impressive. During the supervision process, we discussed several times the problems of finding sources with real knowledge about the inner workings of Apple. As evident in the essay, was not satisfied with the mostly quite superficial mainstream business books and articles available at the time, but took his research several steps further by consulting a wide range of less obvious sources, ranging from tech blogs on the internet to business case material produced by Harvard Business School. During my supervision sessions with I noticed how this wide research process fruitfully affected the development of the analyses and conclusions based on the Business and Managment syllabus. Finally, I have no doubt that this essay is solely the work of , and that no plagiarism is involved

This declaration must be signed by the supervisor; otherwise a grade may not be issued.

I have read the final version of the extended essay that will be submitted to the examiner.

To the best of my knowledge, the extended essay is the authentic work of the candidate.

I spent

hours with the candidate discussing the progress of the extended essay.

Date: FEBRUARY 2714, 2017

Supervisor's signature:

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Extended Essay in Business & Management

# The Corporate Culture and Leadership of Apple, Inc.

To what extent can Apple, Inc.'s success be attributed to its corporate culture and Steve Jobs' leadership style?

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Date: October 4<sup>th</sup>, 2011 Exam Session: May 2012 Supervisor: Word Count: (3938 ) / Name:

### Abstract

The objective of this essay is to answer the research question "to what extent can Apple, Inc.'s success be attributed to its corporate culture and Steve Jobs' leadership style?"

This question is answered by applying Business and Management theory to Apple's corporate culture and Steve Jobs' leadership style, and then analysing this theory to find the role of these factors in Apple's success. The information required to apply this theory comes predominantly from secondary sources.

These sources showed that Apple has a corporate culture that is seen as highly motivational for employees as they are pushed to do their best. This culture places the aesthetics and user experience as some of the most important parts of the final product/ service. The culture also helps motivate employees to create products that fit Apple's values, which allows the company to market its products well.

The sources also showed that this corporate culture (which is a crucial part of Apple) stems from its previous CEO, Steve Jobs. He founded the company and managed to integrate his ideals and values into the corporate culture through his authoritarian leadership style. Consumers respond very well to products based on these values (good design and usability), and since these values have become a core part of the company, they are responsible for a large part of Apple's success.

This essay concludes that Apple's corporate culture has been the driving force behind Apple's successful products, and without Steve Jobs' leadership style this culture would not be as apparent. Therefore, both factors have been crucial to Apple's current success.

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#### Introduction

In this extended essay, I will answer the research question "to what extent can Apple, Inc.'s success be attributed to its corporate culture and Steve Jobs' leadership style?". In a short time, Apple has gone from an "underdog" business to a market leader<sup>1</sup>. Apple is successful not only in the computer market, but also in the tablet, smartphone, media player and media store markets<sup>2</sup>. Apple's products don't only cater to consumer desires, but help form them, and so they have an effect on the whole market. For other technology businesses, it is worth the effort to examine Apple as they play a large role in most of the markets they enter.

I will be looking at Apple predominantly in the context of the human resources topic of the Business and Management syllabus. While doing the early research for this essay, it became clear that Apple's organizational structure and culture form a large part of its image and both are talked about often in the technology industry. Apple's products and services are the sources of its profits and success - the marketing of them is also very important, but the products themselves form the core of this success. For this reason I will focus on the management and culture of the research & development areas of Apple, as they are the source of Apple's products and services. The management of the retail department, for example, is not relevant to the research question.

Another important aspect of Apple is Steve Jobs - the co-founder and ex-CEO. In a 2010 Harvard Business School case study of Apple, Stefan Thomke and Barbara Feinberg wrote that

# "Steve Jobs and Apple seem like interchangeable terms: a discussion of the company in any forum immediately segues into the man and his influence.<sup>3</sup>"

Few businesses have CEOs that gather as much public attention as Jobs. His charisma has given him fame, particularly in the technology industry - most other technology leaders are not as captivating in public presentations or meetings. Since he is mentioned so often in relation to Apple, I will also look at his leadership style and investigate the effect of his leadership style on Apple.

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<sup>&</sup>lt;sup>1</sup> Young, Jeffrey S., and William L. Simon. iCon: Steve Jobs, the Greatest Second Act in the History of Business. Hoboken, NJ: Wiley, 2005. Print.

<sup>&</sup>lt;sup>2</sup> Apple. Web. 28 Sept. 2011. <<u>www.apple.com</u>>.

<sup>&</sup>lt;sup>3</sup> Thomke, Stefan, and Barbara Feinberg. Design Thinking and Innovation at Apple. Harvard Business Publications. Print.

#### Methodology

To examine the effectiveness of Apple's organizational structure and Steve Jobs' leadership style, the topic was first researched from secondary sources such as case studies, magazine articles and blog posts (if the source was known to be reliable). A wide understanding of Apple was necessary to answer the research question: in order to describe the importance of organizational structure and leadership style, I needed to know of other factors that could contribute to Apple's success.

These sources gave an overall impression and understanding of Apple, which could then be put in a relevant Business & Management context. By analyzing these factors of Apple's success and comparing them to another technology company (Google), their importance and effectiveness to Apple can then be deduced.

#### **Theory Used**

Most of the theory used in this essay comes from Unit 2 of the Business and Management syllabus: human resources. I will look at organizational structure, particularly centralization and Mintzberg's framework of organizational structures. This will demonstrate how important the various parts of Apple are to the company, and thus form the foundation for the next area: corporate culture.

When reading about Apple it becomes clear that its corporate culture is closely related to Steve Jobs' leadership style - therefore this essay would not be complete without a look at both. I will use Blake & Mouton's managerial grid model and Charles Handy's theories of corporate culture to aid in this.

Finally, the concepts of communication and motivation will be examined as they play an important role in demonstrating the nature of Steve Jobs' work as a leader.

When it comes to leadership and corporate culture, there are several different models available. I will use the ones that allow me to give the most accurate representation of Apple. All theory used is documented in Paul Hoang's Business and Management for IB textbook<sup>4</sup>.

<sup>4</sup> Hoang, Paul. Business & Management. [Melton, Vic.]: IBID, 2007. Print.

#### Body Background

Apple's products have always been created by small teams working closely together, with no outside intervention (apart from the management's directions). This was the case when it was first founded in 1976 with only three people, and is true today with almost 50 000 people employed. In Apple's early existence, these teams consisted of talented people hand-picked by the senior management (particularly Steve Jobs)<sup>5</sup>. Several early products created by these teams sold relatively well - at least, well enough for the company to gather a cult following. However, it was still far from being in league with the technology giants at the time, such as IBM and Microsoft. In these years, Steve Jobs' influence within the company fluctuated a lot<sup>6</sup> and in 1985 he ended up resigning due to a power struggle with the CEO at the time, John Sculley. During this period, Jobs was costing Apple a lot of money by starting the development of many new (and expensive) products. As Jeffrey Young and William Simon write in their book *iCon: The Greatest Second Act in the History of Business*,

"[Steve] failed to understand [...] that the need was for someone who understood business, not technology.7"

Losing one of the founders was bad for morale, and Apple's performance went from bad to worse. Just as there had been under Jobs, there was a lack of confidence - Apple had grown and was struggling to keep up as a larger company<sup>8</sup>.

Jobs returned as CEO in 1997 and the following year Apple became profitable again<sup>9</sup>, and within a decade it saw a sudden increase in growth (this can be seen in terms of their share

7 Ibid, Page 110

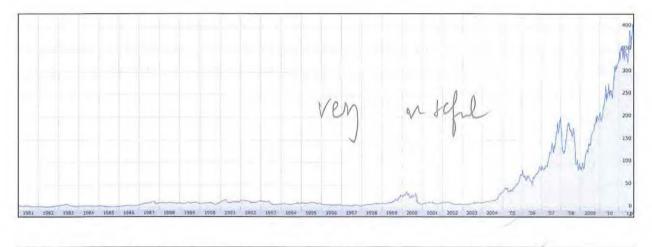
<sup>8</sup> Ibid, Part One

<sup>&</sup>lt;sup>5</sup> Kahney, Leander. "The Man Who Named the IMac and Wrote Think Different." Cult of Mac. 3 Nov. 2009. Web. 25 Sept. 2011. <<u>www.cultofmac.com/20172/20172/</u>>.

<sup>&</sup>lt;sup>6</sup> i Young, Jeffrey S., and William L. Simon. Part One. iCon: Steve Jobs, the Greatest Second Act in the History of Business. Hoboken, NJ: Wiley, 2005. Print.

<sup>&</sup>lt;sup>9</sup> Vader, Darren. "Steve Jobs." The Apple Museum. Web. 12 Aug. 2011. <<u>www.theapplemuseum.com/</u> index.php?id=49>.

prices on the graph below)<sup>10</sup>. Today, Apple is one of the most successful technology companies in the world and sales of its products regularly exceed analyst expectations<sup>11</sup>.



Apple's share prices in US dollars over time. Source: Google Finance<sup>10</sup>

Although it is impossible to say how Apple would have fared if Jobs had never returned, many believe that he was the force behind Apple's revival once he returned as CEO<sup>12</sup>. He made several large changes such as the discontinuation of several projects (he lowered the number of R&D projects from 50 to 10) and he shifted the focus to repairing Apple's damaged image<sup>13</sup>.

In August 2011, Jobs stepped down as CEO of Apple due to health reasons. He had been on a medical leave of absence since January - the third time since 2004 that he was absent, each time due to health issues. The COO, Tim Cook, replaced him as  $CEO^{14}$ .

<sup>10</sup> Apple Inc.: NASDAQ:AAPL. Chart. Google Finance. Web. 12 Aug. 2011. <<u>www.google.com/finance?</u> <u>g=NASDAQ%3AAAPL></u>.

<sup>11</sup> Svensson, Peter. "Apple Q3 2011 Earnings: 'Our Best Quarter Ever'" The Huffington Post. 17 July 2011. Web. 15 Aug. 2011. <<u>http://www.huffingtonpost.com/2011/07/19/apple-q3-2011-earnings\_n\_903782.html</u>>.

<sup>12</sup> Overbey, Erin. "How Jobs Saved Apple." The New Yorker. 25 Aug. 2011. Web. 30 Sept. 2011. <<u>www.newyorker.com/online/blogs/backissues/2011/08/takes-how-jobs-saved-apple.html</u>>.

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<sup>13</sup> Deutschman, Alan. "The Once and Future Steve Jobs." Salon.com. 11 Oct. 2000. Web. 26 Sept. 2011. <a href="https://www.salon.com/technology/books/2000/10/11/jobs\_excerpt/index2.html">www.salon.com/technology/books/2000/10/11/jobs\_excerpt/index2.html</a>.

<sup>14</sup> Kane, Yukari Iwatani. "Steve Jobs Resigns as Apple CEO." The Wall Street Journal. 25 Aug. 2011. Web. 26 Sept. 2011. <<u>www.online.wsj.com/article/SB10001424053111904875404576528981250892702.html</u>>.

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#### Application of Theory Organizational structure

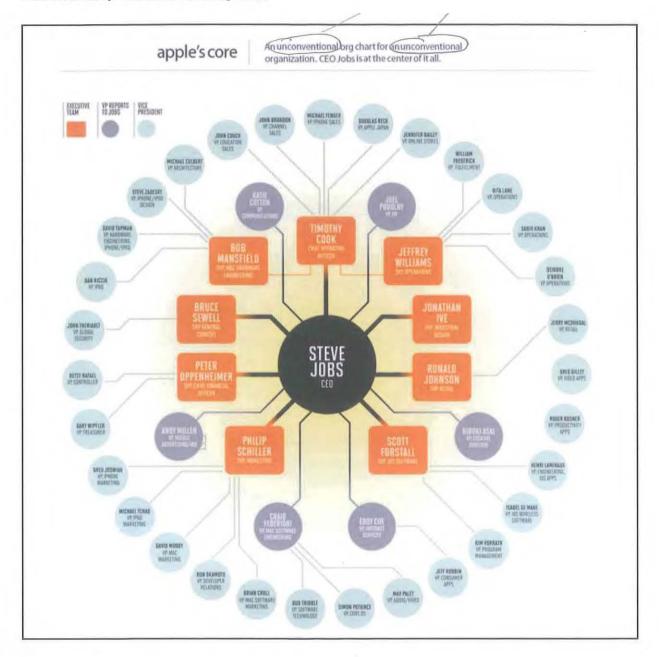
Apple's organizational structure is relevant to the research question as it demonstrates Steve Jobs' role at Apple, and the importance of various departments (which gives a good measure of the corporate culture).

Apple has not released an official organizational chart, but in May 2011 Fortune Magazine published an article containing one<sup>15</sup>. In their chart, Steve Jobs is at the center of all operations, although today that spot would be taken by Tim Cook. Nevertheless, the chart illustrates Apple's organization while Jobs was CEO, which is the time period relevant to the research question.

<sup>&</sup>lt;sup>15</sup> Lashinsky, Adam. "Inside Apple." Fortune Magazine May 2011. Print.

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#### Source: Fortune magazine<sup>15</sup>

Apple's engineers and designers (who form the basis of R&D) work in small teams. These teams are not permanent - engineers may be suddenly moved to a new team, to work on a completely different product or service, if their managers think they are needed there.<sup>16</sup> Sachin Argawal (a former Apple employee) writes that

matrix structure?

<sup>&</sup>lt;sup>16</sup> Agarwal, Sachin. "Apple Is Run like a Huge Startup. The Key to Great Products Is Small Teams." Sachin's Space. 2 Aug. 2011. Web. 28 Sept. 2011. <<u>www.sachin.posterous.com/apple-is-run-like-a-huge-startup</u>>.

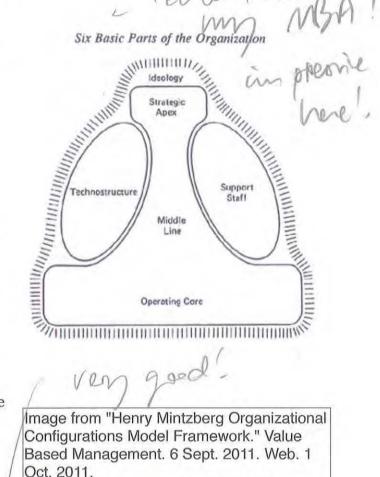
"[Apple] hires very few, but very intelligent people who can work on different projects and move around as needed.<sup>17</sup>"

Apple can be applied quite clearly to Mintzberg's framework of organizational structures. This framework divides a business into six basic parts<sup>18</sup>:

- 1. The strategic apex, or the key decision-makers
- 2. The middle line, or the middle managers
- 3. The operating core, or the operational processes
- 4. The technostructure, or the technical support and systems
- 5. Support staff, or the supplementary staff support
- 6. The ideology refers to the culture of the organization

At Apple, the decision-making power is centralized and held by the strategic apex.

This makes Apple an entrepreneurial



<<u>www.valuebasedmanagement.net/</u> methods mintzberg configurations.html>.

organization, according to Mintzberg. It also has characteristics of a missionary organization (an organization where coordination is standardised by the corporate culture). At Apple, the ideology has a large effect on the motivation of employees.

Entrepreneneurial organizations tend to have centralized structures<sup>19</sup>, and this is also true at Apple. In the an article on Apple published in Fortune Magazine (the source of the organization chart above), Adam Lashinsky writes:

<sup>&</sup>lt;sup>17</sup> Agarwal, Sachin. "Apple Is Run like a Huge Startup. The Key to Great Products Is Small Teams." Sachin's Space. 2 Aug. 2011. Web. 28 Sept. 2011. <a href="https://www.sachin.posterous.com/apple-is-run-like-a-huge-startup">www.sachin.posterous.com/apple-is-run-like-a-huge-startup</a>.

<sup>&</sup>lt;sup>18</sup> i Young, Jeffrey S., and William L. Simon. Page 221. iCon: Steve Jobs, the Greatest Second Act in the History of Business. Hoboken, NJ: Wiley, 2005. Print.

<sup>&</sup>lt;sup>19</sup> i Young, Jeffrey S., and William L. Simon. Page 221. iCon: Steve Jobs, the Greatest Second Act in the History of Business. Hoboken, NJ: Wiley, 2005. Print.

"The creative process at Apple is one of constantly preparing someone - be it one's boss, one's boss's boss, or oneself - for a presentation to Jobs. He's a corporate dictator who makes every critical decision - and oodles of seemingly noncritical calls too, from the design of the shuttle buses that ferry employees to and from San Francisco to what food will be served in the cafeteria.<sup>20</sup>"

This means that Apple is a highly centralized company with one key decision maker. There is undoubtedly some truth to this, but it is likely that in a company of Apple's size there are many other important decision makers that are not mentioned in this quote. Either way, Apple is a centralized company - the extent of this centralization is hard to tell, however, since the media puts a lot of weight on Steve Jobs.

#### Leadership Style

The relation between Apple's organizational structure and Jobs' leadership style is the centralized structure. This organizational structure allowed Jobs to directly influence even small details of the business, which is an important characteristic of his leadership style<sup>21</sup>. He is an autocratic leader - a leader who "makes all the decisions" and "simply tells employees what to do" rather than delegate responsibility<sup>22</sup>. In a *Wired Magazine* article from 2008, Leander Kahney writes that

"[Apple's success] is also a function of his management practices. By exerting unrelenting control over his employees, his image, and even his customers, Jobs exerts unrelenting control over his products and how they're used. And in a consumer-focused tech industry, the products are what matter. "Everything that's happening is playing to his values," says Geoffrey Moore, author of the marketing tome Crossing the Chasm.<sup>23</sup>"

On the Blake and Mouton Managerial Grid model, Jobs' take on management and leadership is similar to an "authority obedience style", also known as "produce or perish" his concern is on the end product rather than the people. This allows him to get his ideas into reality without compromising them, but it is also means that employees may feel undervalued or that they don't have enough of an influence on their work. This does not

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<sup>&</sup>lt;sup>20</sup> Lashinsky, Adam. "Inside Apple." Fortune Magazine May 2011. Print.

<sup>&</sup>lt;sup>21</sup> Allen, Frederick E. "Steve Jobs Broke Every Leadership Rule. Don't Try It Yourself." Forbes.com. 27 Aug. 2011. Web. 28 Aug. 2011. <a href="https://www.forbes.com/sites/frederickallen/2011/08/27/steve-jobs-broke-every-leadership-rule-dont-try-that-yourself/">https://www.forbes.com/sites/frederickallen/2011/08/27/steve-jobs-broke-every-leadership-rule-dont-try-that-yourself/</a>.

<sup>&</sup>lt;sup>22</sup> i Young, Jeffrey S., and William L. Simon. Page 250. iCon: Steve Jobs, the Greatest Second Act in the History of Business. Hoboken, NJ: Wiley, 2005. Print.

<sup>&</sup>lt;sup>23</sup> Kahney, Leander. "How Apple Got Everything Right By Doing Everything Wrong." Wired.com. 18 Mar. 2008. Web. 28 Sept. 2011. <<u>www.wired.com/techbiz/it/magazine/16-04/bz\_apple?currentPage=all</u>>.

mean that Jobs does not appreciate talented people, it means that if they don't live up to his expectations he will find others who do<sup>24</sup>.



Image from "What Is Blake & Mouton's Managerial Grid?" BusinessMate. Web. 1 Oct. 2011. <<u>www.businessmate.org/</u> <u>Article.php?ArtikeIId=188</u>>.

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Steve Jobs had a very large influence on Apple, which becomes clear when looking at the public's view of the company. In fact, according to Google searches, his name appears on almost a quarter of all webpages about Apple. This is far higher than the norm among technology companies.

<sup>&</sup>lt;sup>24</sup> Kahney, Leander. "Woz Accidentally Gets Apple Engineer Fired For Showing IPad." Cult of Mac. 25 Apr. 2010. Web. 1 Oct. 2011. <<u>www.cultofmac.com/39931/woz-accidentally-gets-apple-engineer-fired-for-showing-ipad/</u>>.

Company Searched For	Search Results (With or Without CEO Name)	Search Results Containing CEO name	Percentage with CEO name
Apple, Inc	31 800 000	7 730 000	24.31%
Microsoft	1 510 000 000	59 600 000	3.95%
Amazon.com	23 700 000	10 000	0.04%
Facebook	16 290 000 000	47 000 000	0.29%
Google	25 270 000 000	20 100 000	0.08%
Square, Inc	414 000	22 700	5.48%

Source: Google searches performed on September 30, 2011 See the Appendix on page 24 for information on how this data was collected.

The fact that Jobs' name is brought up so often can mean two things: that his importance is exaggerated by the media due to marketing of his persona, or that he has in fact been so important to Apple's success that he is mentioned often. It is likely that the actual case lies somewhere between these two options.

#### Corporate culture

Steve Jobs had a lot of power and a strong presence at Apple, and because of this the corporate culture today revolves around his vision and aesthetic sense. In the same Fortune article referenced above, Adam Lashinky writes that

"His methods have produced and organization that mirrors his thoughts when -and this is important - Jobs isn't specifically involved. Says one former insider: "You can ask anyone in the company what Steve wants and you'll get an answer, even if 90% of them have never met Steve." <sup>25</sup>"

If one were to ask Steve Jobs, he would say that Apple has a very low culture gap (the current culture is the way it should be). According to Charles Handy's theories of corporate culture, Apple's culture is similar to a power culture revolving around "one dominant individual who holds decision-making power.<sup>26</sup>" However, there are also some aspects that point towards an innovative culture, as employees are encouraged to innovate and improve a product if they see a fault with it, "without having to deal with layers of bureacracy to get

<sup>&</sup>lt;sup>25</sup> Lashinsky, Adam. "Inside Apple." Fortune Magazine May 2011. Print.

<sup>&</sup>lt;sup>26</sup> i Young, Jeffrey S., and William L. Simon. Page 298. iCon: Steve Jobs, the Greatest Second Act in the History of Business. Hoboken, NJ: Wiley, 2005. Print.

approval<sup>27</sup>" (though of course any improvements made have to meet the manager's expectations).

One of Jobs' ideals (and one of the most clear goals at Apple) is to "make great products<sup>28</sup>" and not settle for less:

"[...] the values of our company are extremely well-entrenched. You know, we believe we're on the face of the Earth to make great products, and that's not changing. We're constantly focusing on innovating. We believe in the simple, not the complex. [...] And frankly, we don't settle for anything less than excellence in every group in the company.<sup>28</sup>"

This quote is from Tim Cook in 2009, and in it he quite accurately describes Apple's goals. This corporate culture not only gives employees something to strive for, but it gives a "sense of value and of responsibility.<sup>29</sup>"

#### **Motivation / Communication**

Apple does not have an official vision statement, but some people call Steve Jobs a visionary with a clear idea of where he wants the company to be<sup>30</sup>. A culture revolving around a charismatic leader with a clear vision creates a feeling amongst employees that they are not just creating computers, but the overlying goal is more noble than that. Jobs has said that he "wants to put a ding in the universe<sup>31</sup>" and always speaks very highly of Apple's motivation.

Having a leader such as Jobs, with his charisma and direct style of communication, can be very motivational to employees as his enthusiasm is passed along to them <sup>32</sup>. However, Jobs can be notoriously difficult to work with - he can be very harsh if his expectations are not met. For example, when a new service that was launched didn't do well:

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<sup>&</sup>lt;sup>27</sup> Male, Bianca. "8 Management Lessons I Learned Working At Apple." Business Insider. 2 Aug. 2010. Web. 1 Oct. 2011. <<u>www.businessinsider.com/management-lessons-i-learned-working-at-apple-2010-7</u>>.

<sup>&</sup>lt;sup>28</sup> Friedman, Lex. "Apple Turns to Tim Cook to Replace Steve Jobs." Macworld. 25 Aug. 2011. Web. 30 Sept. 2011. <<u>www.macworld.com/article/161929/2011/08/apple\_turns\_to\_tim\_cook\_to\_replace\_steve\_jobs.html</u>>.

<sup>&</sup>lt;sup>29</sup> i Young, Jeffrey S., and William L. Simon. Page 305. iCon: Steve Jobs, the Greatest Second Act in the History of Business. Hoboken, NJ: Wiley, 2005. Print.

<sup>&</sup>lt;sup>30</sup> Griggs, Brandon. "Steve Jobs: From College Dropout to Tech Visionary." CNN. 25 Aug. 2011. Web. 1 Oct. 2011. <<u>http://articles.cnn.com/2011-08-25/tech/steve.jobs.profile\_1\_jobs-and-wozniak-apple-computer-first-jobs?</u> s=PM:TECH>.

<sup>&</sup>lt;sup>31</sup> Richardson, Ben. "Disney's Pixar Takeover Is Boost for Jobs." BBC News. 24 Jan. 2006. Web. 1 Oct. 2011. <<u>www.news.bbc.co.uk/2/hi/business/4643526.stm</u>>.

<sup>&</sup>lt;sup>32</sup> "The Seed of Apple's Innovation." Interview by Peter Burrows. Bloomberg Businessweek. 12 Oct. 2004. Web. 28 Sept. 2011. <<u>www.businessweek.com/bwdaily/dnflash/oct2004/nf20041012\_4018\_db083.htm</u>>.

"... Jobs berated the group. "You've tarnished Apple's reputation," he told them. "You should hate each other for having let each other down." The public humiliation particularly infuriated Jobs. [...] On the spot, Jobs named a new executive to run the group.<sup>33"</sup>

Motivation from Steve Jobs is both intrinsic and extrinsic. Fear of punishment and a desire for recognition make up the extrinsic part. The intrinsic part comes from the corporate culture: if employees feel they are doing very valuable and important work, they will want to live up to that responsibility. Apple's culture puts a lot of weight on doing the best work one is capable of: as Jobs said, ""My job is to not be easy on people. My job is to make them better.<sup>34</sup>"

There is no official information on whether Apple uses financial motivation techniques, but they do use several non-financial techniques. One of them is job rotation: as previously mentioned, engineers at Apple are likely to be moved from one project to another if their managers think they could contribute there<sup>35</sup>. This gives employees variety in their work. There some extent, Apple uses empowerment to motivate workers: they are able to improve products they are working on if they feel it to be necessary <sup>36</sup>. At one point during the development of the iPhone, the senior managers decided to start over on the design of the case. Jobs said:

"[...] we pushed the reset button. [...] It was hell because we had to go to the team and say, 'All this work you've [done] for the last year, we're going to have to throw it away and start over, and we're going to have to work twice as hard now because we don't have enough time.' And you know what everybody said? 'Sign us up.' That happens more than you think, because this is not just engineering and science. There is art, too. [...] I mean, we do put our heart and soul into these things.<sup>37</sup>"

<sup>33</sup> Lashinsky, Adam. "Inside Apple." Fortune Magazine May 2011. Print.

<sup>&</sup>lt;sup>34</sup> "Steve Jobs Speaks out." CNNMoney. 7 Mar. 2008. Web. 1 Oct. 2011. <<u>www.money.cnn.com/galleries/</u> 2008/fortune/0803/gallery.jobsqna.fortune/5.html>.

<sup>&</sup>lt;sup>35</sup> Agarwal, Sachin. "Apple Is Run like a Huge Startup. The Key to Great Products Is Small Teams." Sachin's Space. 2 Aug. 2011. Web. 28 Sept. 2011. <<u>www.sachin.posterous.com/apple-is-run-like-a-huge-startup</u>>.

<sup>&</sup>lt;sup>36</sup> Male, Bianca. "8 Management Lessons I Learned Working At Apple." Business Insider. 2 Aug. 2010. Web. 1 Oct. 2011. <<u>www.businessinsider.com/management-lessons-i-learned-working-at-apple-2010-7</u>>.

<sup>&</sup>lt;sup>37</sup> "Steve Jobs Speaks out." CNNMoney. 7 Mar. 2008. Web. 1 Oct. 2011. <<u>www.money.cnn.com/galleries/</u> 2008/fortune/0803/gallery.jobsqna.fortune/5.html>.

This shows the high levels of motivation of Apple designers and engineers. Of course, Jobs also said this to promote his ideal image of Apple, but it does have some truth to it - in general, Apple employees are very satisfied with their jobs<sup>38</sup>.

#### The Importance of Apple's Leadership and Culture

When it comes to leadership style, Apple is a good example of contingency theory - the idea that there is no single best way of managing a business, but different businesses will be best suited for different styles of leadership and management. Many technology businesses value democracy and openness, and Apple does almost the exact opposite: it is known for its secrecy (even towards its own employees)<sup>39</sup> and Jobs has been likened to a "corporate dictator <sup>40</sup>". When one looks at Apple's sales numbers it appears that this corporate culture and method of management has worked well for Apple.

Among most companies in Silicon Valley (where Apple's headquarters are located) the style of management revolves around the idea that openness and transparency lead to happier employees, and happier employees lead to better work. Like Apple's employees, people who work at Google are in general highly motivated and give their leaders high approval ratings<sup>41</sup>. Google's unofficial motto is "Don't be evil<sup>42</sup>", which accurately represents their corporate culture. On Mintzberg's framework of organizational structures, Google is similar to an adhocracy (or innovative organization). The decision-making power is less centralized, and individuals have more freedom in the way they work: employees are encouraged to develop their own ideas. Some of Google's most successful services such as

<sup>&</sup>lt;sup>38</sup> "Apple Reviews." Glassdoor. Web. 1 Oct. 2011. <<u>www.glassdoor.com/Reviews/Apple-Reviews-</u> E1138.htm>.

<sup>&</sup>lt;sup>39</sup> Stone, Brad, and Ashlee Vance. "Apples Management Obsessed With Secrecy." The New York Times. 22 June 2011. Web. 1 Oct. 2011. <a href="https://www.nytimes.com/2009/06/23/technology/23apple.html">www.nytimes.com/2009/06/23/technology/23apple.html</a>.

<sup>&</sup>lt;sup>40</sup> "Foul-mouthed Rants at the Firm Where Failure Is Not an Option: Apple Staff Lift Lid on Working for 'corporate Dictator' Steve Jobs." Daily Mail Online. 9 May 2011. Web. 1 Oct. 2011. <<u>www.dailymail.co.uk/</u> <u>news/article-1384932/Behind-screens-look-Apple-shows-Steve-Jobs-corporate-dictator-accepts-excuses-failure.html</u>>.

<sup>&</sup>lt;sup>41</sup> Takahashi, Dean. "Google's Schmidt Beats Apple's Jobs in Employee Approval Ratings." VentureBeat. 31 Mar. 2011. Web. 02 Oct. 2011. <<u>www.venturebeat.com/2011/03/31/googles-eric-schmidt-beats-apples-steve-jobs-in-employee-approval-ratings/</u>>.

<sup>&</sup>lt;sup>42</sup> "Code of Conduct." Google Investor Relations. 8 Apr. 2009. Web. 20 Aug. 2011. <<u>www.investor.google.com/corporate/code-of-conduct.html</u>>.

GMail originated as personal projects<sup>43</sup>. Of course, managers still decide on the overall direction of a project at Google, but employees have more of a say in this than at Apple.

Looking at Google, it's clear that its ad-hoc management style has helped it get to where it is today: many of its succesful services originated from personal projects<sup>44</sup>. Since both Apple and Google have become very successful with completely opposite management styles, a few questions arise: whether one style is better than the other and whether Apple could benefit from a more open workplace, or Google could benefit from a stricter one. Of course, the two companies make different products and services: Apple's are paid, while Google's are advertising-funded. This means that Apple managers will be less willing to spend money developing a product or service that will not sell well.

In fact, in some ways it appears that Google is taking a more traditional approach to management: in July 2011 they closed down a website called Google Labs, dedicated to testing and showcasing various small projects that employees had invented. The move to close it was made by Larry Page, co-founder of Google and CEO since April 2011. It was part of a change in focus for Google - to put more work into fewer projects, or in his own words, "more wood behind fewer arrows.<sup>45</sup>" This change of Google's focus hinted that the company was taking a more traditional approach to innovation, since it ever so slightly lessened the employees' freedom to create. It is impossible to tell whether it signified a large change to come in the company culture, but it could be a stepping stone towards a more closed technology company. If technology companies are moving towards an Apple-like management, it would vouch for the effectiveness of this style of management.

Google's values of open-mindedness and employee empowerment have done a lot for the company, but Apple does not rely on this kind of image - to Steve Jobs it is more important to have a reputation for creating products that consumers enjoy using. A Google-like management style could certainly work at other technology companies, but not at Apple: it would not allow Jobs to influence the end products as much as he has done in the past. If Apple had used a decentralised, democratic organizational style like Google's it would be a

<sup>&</sup>lt;sup>43</sup> Mediratta, Bharat. "The Google Way: Give Engineers Room." The New York Times. 21 Oct. 2007. Web. 12 Aug. 2011. <<u>www.nytimes.com/2007/10/21/jobs/21pre.html</u>>.

<sup>&</sup>lt;sup>44</sup> Mediratta, Bharat. "The Google Way: Give Engineers Room." The New York Times. 21 Oct. 2007. Web. 12 Aug. 2011. <<u>www.nytimes.com/2007/10/21/jobs/21pre.html</u>>.

<sup>&</sup>lt;sup>45</sup> Page, Larry. "Quarterly Earnings Remarks." Google Plus. 14 July 2011. Web. 21 Aug. 2011. <<u>www.plus.google.com/106189723444098348646/posts/dRtqKJCbpZ7></u>.

very different company from what it is today. Without a clear, consolidated vision, Apple would not have been able to create coherent products (and coherence is a large contributor to the positive user experience). Instead, it would probably be struggling like many other computer manufacturers are today. Most tech companies see a new trend among consumers and try to build great products in that market. Apple thinks up a product and when the technology allows it, they build it - then it (more often than not) becomes a trend among consumers.

Jobs himself has been the source of Apple's value and corporate culture. In a 2010 Harvard Business School case study of Apple is was written that

"This notion of design-as-product-integrity seems clearly driven by Jobs himself. [...] Beyond the vision, the drive, the total hands-on involvement in decision-making, from strategy to product and service design to packaging, Jobs has been the face of the company.<sup>46</sup>"

Apple's corporate culture not only contributed to the creation of successful products, but it resonated with consumers which greatly improved its image. Without this corporate culture, it is unlikely that Apple would have created products that were as successful as the ones they have today. Among business analysts and business journalists the consensus is that Jobs is the source of this culture:

"[Jobs] violated every rule of management. He was not a consensus-builder but a dictator who listened mainly to his own intuition. [...] He had an astonishing aesthetic sense, which businesspeople almost always lack. He could be absolutely brutal in meetings: I watched him eviscerate staff members for their "bozo ideas." [...] He never mellowed, never let up on Apple employees, never stopped relying on his singular instincts in making decisions about how Apple products should look and how they should work.<sup>47</sup>"

Of course, Apple has also been very successful at marketing its products, which is accountable for a large part of its success. But without the corporate culture and centralized leadership, the final products would not have resonated as well with consumers, and this would not have been able to be marketed as well.

<sup>&</sup>lt;sup>46</sup> Thomke, Stefan, and Barbara Feinberg. Design Thinking and Innovation at Apple. Harvard Business Publications. Print.

<sup>&</sup>lt;sup>47</sup> Allen, Frederick E. "Steve Jobs Broke Every Leadership Rule. Don't Try It Yourself." Forbes.com. 27 Aug. 2011. Web. 28 Aug. 2011. <a href="https://www.forbes.com/sites/frederickallen/2011/08/27/steve-jobs-broke-every-leadership-rule-dont-try-that-yourself/">https://www.forbes.com/sites/frederickallen/2011/08/27/steve-jobs-broke-every-leadership-rule-dont-try-that-yourself/</a>>.

#### Conclusion

Apple's organization allows senior managers to heavily influence even small details of products or services in development. This organization came about as a result of Steve Jobs' autocratic leadership style, which also influences the corporate culture - as does Jobs' personality. By micromanaging projects in development, Jobs made his aesthetic sense and values becomes core parts of Apple's corporate culture and work. This corporate culture helps motivate employees as they feel that their work is important, and their managers' high expectations makes sure that the final work is of a very high quality.

The answer to the research question *"to what extent can Apple, Inc.'s success be attributed to its corporate culture and Steve Jobs' leadership style?*", is that these two factors (that are closely interrelated) have played (and still do play) a very substantial (if not *the* most substantial) role in causing Apple's success and generally positive image that it has today.

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## **Appendix A**

Company Searched For	Search Results (With or Without CEO Name)	Search Results Containing CEO name	Percentage with CEO name
Apple, Inc	31 800 000	7 730 000	24.31%
Microsoft	1 510 000 000	59 600 000	3.95%
Amazon.com	23 700 000	10 000	0.04%
Facebook	16 290 000 000	47 000 000	0.29%
Google	25 270 000 000	20 100 000	0.08%
Square, Inc	414 000	22 700	5.48%

To get this data, I searched Google for occurences of the business name, then occurences of the business name with the CEO's name included in them. I recorded the number of results (an approximation given by Google) and calculated the percentage of pages containing the CEO name.

I made sure that search results from the business' own site were not included (using the "-" operator in a Google search, without the quotation marks), and in the case of Apple, Amazon and Square (a mobile payment company) I made sure that there were no search results about other meanings of the word (such as an actual apple or the Amazon rainforest). I did this by searching for the exact occurence of the company's full name, such as "Apple, Inc" or "Amazon.com".