

Economic and Financial Performance of the Company Alphabet Inc. (Google) - Company with a Global Footprint in the Development of the Knowledge-Based Economy

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Abstract

Interest in intangibles has become increasingly important in recent decades. Intangible assets have gradually become the most important sources of competitive advantage. The traditional factors of production (material resources, labor, capital) have gradually diminished in importance. At the same time the importance of intangible assets such as knowledge, information, creativity has increased. Before the organization can grow it has to learn. For most organizations, the ability to create a sustainable future is directly proportional to how well they develop the intellectual capabilities of their employees. Organizations that use their knowledge as a source of competitive advantage are referred to as "knowledge-based organizations". In this paper we analyze the performance of Alphabet Inc. (Google)-a company with a global footprint in the development of the knowledge-based economy.

Key words: Google, knowledge-based organization, performance

J.E.L. classification: O3

1. Introduction

In the context of the knowledge-based economy it is necessary to shape a **new type of organization - knowledge-based organization, a new type of management - knowledge-based management and a new type of employees - knowledge-based employees**. "As a practice, knowledge-based management consists of approaches, methods, techniques in firms focused on the production and use of knowledge, which ensure a higher value [...] of knowledge." (Ovid, N. et. all., 2005, p. 204)

Alphabet Inc. (Google) is a relevant case study for understanding how the **knowledge-based organization** works.

More than just a search engine, Google has been involved in numerous initiatives that promote education, research and access to information and knowledge. Google Scholar, for example, is an essential tool for researchers and academics, providing free access to a wide range of scientific papers and scholarly materials. In addition, through programs such as Google for Education, the company is helping to modernize the educational process by providing digital tools and resources to educators and students.

In addition to its services, Google has played a significant role in developing and promoting new technologies. For example, through Android, the open-source operating system for mobile devices, Google has democratized access to mobile technology, having a major impact on the smartphone and tablet industry.

2. Literature review

In a knowledge-based organization, employees, management, stakeholders become aware of the decisive role of knowledge in achieving performance, focus on accumulating knowledge and using it to improve their work, thus becoming more innovative and efficient.

The knowledge-based organization has a number of defining characteristics identified by Professor Nicolaescu (Ovidiu, N. et.all, 2005, p. 105):

- The process of building an effective, dynamic and competitive knowledge-based organization starts with **employee satisfaction**, which requires constant and rapid processes of individual and organizational learning, harmonization of individual and organizational objectives, rewarding the company's staff according to their performance.
- **The use of intangible assets** represented by the knowledge of the organization and its employees at the expense of physical, tangible assets and thus the generation of new knowledge.
- **Outsourcing activities that are not core to the firm** while internalizing those that are part of or strongly complementary to the organization's core knowledge.
- Knowledge-based firm development will be based on **increasing the depth and/or breadth of firm knowledge**.
- **Simplify the internal organization of the knowledge-based firm**. The knowledge-based firm will be simple with fewer layers, more flexibility and intelligence.
- **The integration of "knowledge managers"** who often start their work as agents or consultants of change within the organization.
- **Targeting investment in training**, in the external workforce used to replace own staff not progressing effectively.
- **Redesigning the motivation system** by increasing rewards based on the performance of company staff.
- **Developing an open organizational culture** by inviting customers, suppliers and other stakeholders into the company who can see how decisions that affect them are made.
- **Practicing** multiple forms of collaboration with other firms, e.g. **strategic partnerships**.
- **Lower the barriers between the individual and the organization**.
- **Focus on obtaining, using, protecting and capitalizing on intellectual capital**.

3. Research methodology

This paper is part of a broader research project in which we delve into the impact of Alphabet Inc.'s (Google) services on the advancement of knowledge, innovation and the valorization of intellectual capital in the context of the knowledge-based economy. Through this paper we aim to conduct an X-ray of the economic performance of Google - a company with a global footprint in the development of the knowledge-based economy. In this direction we aimed to focus our attention on analyzing the main economic and financial indicators of the company and finally to present the main actions and policies directed by Alphabet Inc. (Google) towards human resources management.

4. Findings

4.1. Evolution of economic and financial indicators within Alphabet Inc. (Google)

Alphabet Inc, the holding company that comprises Google LLC, originated from an ambitious project developed by two Stanford University students Larry Page and Sergey Brin on September 2, 1998. Google began as an innovative search engine with the goal of organizing the world's information and making it globally accessible and useful. The company is headquartered in Mountain View, California, in the heart of Silicon Valley, a recognized center for technological innovation and entrepreneurship.

Google initially distinguished itself with its unique approach to ranking and searching web pages, using an algorithm called PageRank. This algorithm represented a significant breakthrough in the way information is searched and indexed on the internet, providing more relevant and higher quality results than the search engines available at the time.

As Google has grown, the company has expanded its range of products and services, diversifying beyond simple internet searches. Google's services today include Google Search, Gmail, Google Maps, Google Drive, Google Cloud, Android and YouTube. Each of these services has had a profound impact on the way people access information, communicate and interact in the digital environment.

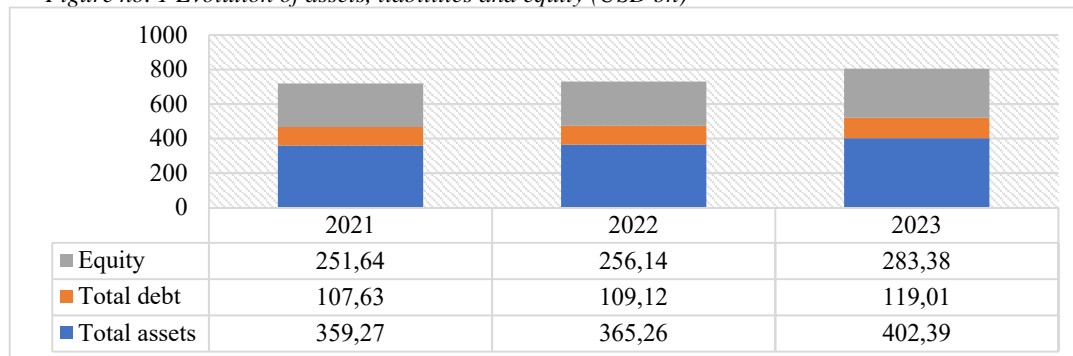
Table no. 1. General data on Alphabet Inc.

Data name	Data presentation
Name:	Alphabet Inc.
Official year:	1998
Registered office:	Mountain View, California, USA
Industry:	ICT
Founders:	Larry Page Sergey Brin
Main services:	Google Search Engine, Gmail, Google Drive, Google Maps, Google Chrome, Google Translate, Google Photos, Google Calendar, Google Maps, Google Translate, Google Calendar, YouTube, Digital Marketing
Current assets (2023):	171.53 billion
Total assets (2023):	USD 402.39 billion
Current liabilities (2023):	81.81 billion
Total debt (2023):	119.01 billion
Equity (2023):	283.38 billion
Turnover (2023):	307.16 billion
Net result (2023):	73.8 billion
Average number of employees (2023):	182.502

Source: https://www.marketwatch.com/investing/stock/googl?mod=mw_quote_tab [Accessed on 05.01.2024]

The analysis of Alphabet Inc.'s (Google) economic and financial results focuses on an assessment of its financial position as reflected in its balance sheets for the last three years, as well as an examination of its corporate performance, as detailed in the company's profit and loss accounts.

Figure no. 1 Evolution of assets, liabilities and equity (USD bn)

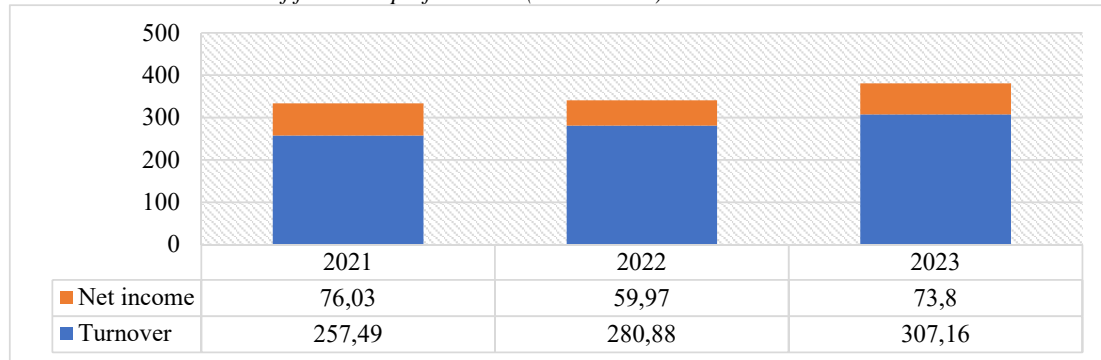


Source: https://www.marketwatch.com/investing/stock/googl?mod=mw_quote_tab [Accessed on 05.01.2024]

According to Figure 1, Alphabet Inc. had the following evolution in terms of assets, liabilities and equity in 2021-2023.

Total assets increased from USD 359.27 billion in 2021 to USD 402.39 billion in 2023.
Total liabilities increased from USD 107.63 billion in 2021 to USD 119.01 billion in 2023.
Shareholders' equity increased from USD 251.64 billion in 2021 to USD 283.38 billion in 2023.
The financial indicators analyzed show that Alphabet Inc. has predominantly structured its assets through equity, demonstrating a strategic tendency to minimize its reliance on debt.

Chart no. 2 Evolution of financial performance (USD billion)



Source: https://www.marketwatch.com/investing/stock/google?mod=mw_quote_tab [Accessed on 05.01.2024]

According to Figure 2, the turnover of Alphabet Inc. has increased from 2021 from USD 257.49 billion to USD 307.16 billion in 2023. Likewise, the net income represents a profit which decreased from 2021 from the value of USD 76.03 billion to USD 73.8 billion in the year 2023.

4.2. Human resources management within Alphabet Inc (Google)

Alphabet Inc., the parent company of Google, is recognized worldwide for its progressive approaches to human resources (HR) management.

Since its inception, the company has had an innovative vision of human resources management. Initially, Google focused on attracting tech talent, building an organizational culture centered on innovation and creativity. Over time, the HR strategy evolved to include diversity and inclusion, continuous professional development and a healthy work-life balance.

Alphabet Inc. has implemented a number of HR strategies that have changed the game in the industry. These include flexible work policies, professional development programs and a strong focus on employee health and well-being. For example, their mental health initiatives and collaborative workspaces were pioneering in the industry. These approaches have helped to create a work environment that not only attracts but retains top talent.

Moreover, Alphabet Inc.'s HR practices have had a significant impact on innovation and creativity. By creating an environment that encourages experimentation and calculated risk-taking, the company has spurred the development of innovative products and services. Its 20% time program also allows employees to devote part of their work time to personal projects, which has led to the development of successful products such as Gmail and Google News.

Alphabet Inc. has integrated sustainability and corporate social responsibility (CSR) into its human resources strategy. The company not only encourages sustainable practices in its daily operations, but also invests in the development of local and global communities. Through its volunteer programs, Alphabet engages its employees in initiatives that have a positive impact on society.

Alphabet Inc.'s innovative HR practices have significantly influenced the knowledge-based economy. By attracting and retaining highly qualified staff, the company has contributed to the development and diffusion of knowledge in information technology. Alphabet employees, through their expertise and innovations, have played an important role in shaping technological trends and developing new paradigms in the digital economy.

As regards the evolution of the number of employees, in this part we have centralized the evolution of the average number of employees of the company as follows:

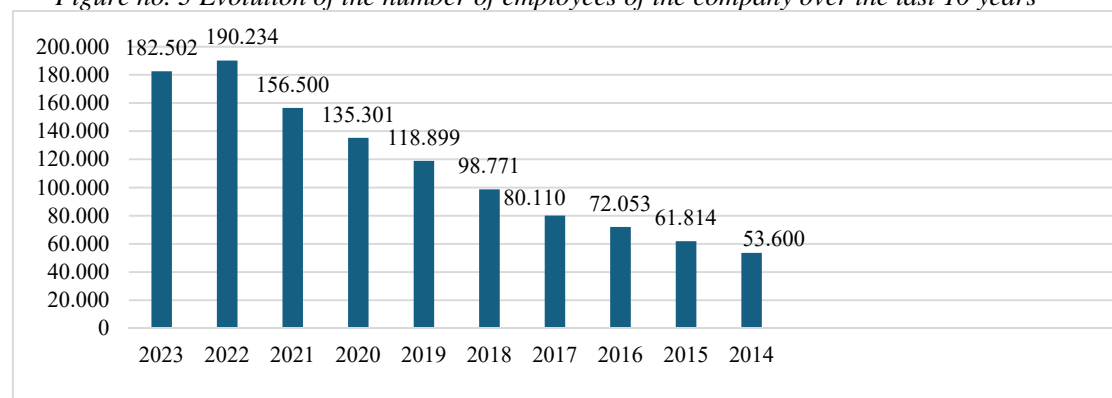
Table no. 2 Evolution of the number of employees of the company over the last 10 years

Year	Average number of employees	Absolute change (no.)
2014	53.600	
2015	61.814	
2016	72.053	Period: 2014 - 2023
2017	80.110	128.902
2018	98.771	Relative change (%)
2019	118.899	
2020	135.301	
2021	156.500	
2022	190.234	
2023	182.502	Period: 2014 - 2023
		240,49

Source: <https://www.macrotrends.net/stocks/charts/GOOG/alphabet/number-of-employees> [Accessed 07.01.2024]

Using the data centralized in the table, we have compiled a visual representation in the form of a graph of the evolution of the number of employees:

Figure no. 3 Evolution of the number of employees of the company over the last 10 years



Source: <https://www.macrotrends.net/stocks/charts/GOOG/alphabet/number-of-employees> [Accessed on 07.01.2024]

According to Figure 3, the number of employees over the last ten years has been on an upward trend from 53,600 employees in 2014 to 182,502 employees in 2023, an increase of 128,902 employees or 240.49%.

5. Conclusions

Google's contribution to the knowledge-based economy is notable for its investment in research and development. Its ambitious projects, such as the development of artificial intelligence, autonomous vehicles and augmented reality technologies, are breaking new ground in technological innovation. These initiatives not only push the boundaries of what is possible in technology, but also help create new economic opportunities and shape the future of work and society.

Therefore, Alphabet Inc. and Google in particular, have a profound and lasting impact on the global knowledge-based economy. From simplifying access to information to promoting technological innovation, Google has reshaped the way we interact with the digital world. Its role in advancing technology and contributing to the knowledge-based economy underlines the importance of continuous innovation and adaptability in a rapidly changing world.

6. References

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