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**What Company Creates Investment Value Through  
Innovation? Google it!**

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**Abstract.** This paper considers Google's creation of investment value through its focus on technological advances that lead to job creation. By creating innovations that result in increased employment, Google contributes to macroeconomic expansion while increasing the long-term demand for its own stock. This strategy leads to the continuation of Google as a solid long-term investment.

**Keywords.** Google, Investment, Technology, Job Creation.

**JEL.** G00, L00, L8.

## 1. Introduction

Most people's first response to finding an answer to a question is to "Google it". Google has impacted today's society so much the search engine's name "Google" has become a verb. The Merriam-Webster Dictionary (2014) defines "Google" as "to use the Google search engine to obtain information about (as a person) on the World Wide Web." Google is also the fifty-sixth most searched word on Merriam-Webster (2014). Google as a company operates as more than just a simple search engine; it also manufactures a multitude of popular technologies ranging from their most recent invention, Google Glass, to Google Fiber and Google Drive, which I am even writing this paper on now. Google's expansion into different areas of the technological world will allow it to create new jobs and strengthen the economy for years to come, and therefore makes Google a solid long term investment.

## 2. Innovation

Google will create jobs through pioneering new, innovative technologies. Google's CEO, Eric Schmidt, believes "New jobs are not created by small businesses but by new businesses, many of which have a technological component" (Hargreaves, 2014). The technological revolution Google is at the front of right now demands creating new industries and pioneering development to spur job and economic growth, something Google has shown it knows how to do very well over the past decade. Some critics argue technology takes away jobs, which can be true, but while technology may take away jobs in some sectors, it also adds jobs in other sectors; the biggest benefactors of technological growth being "healthcare, transportation, education, and creative industries like movies and music" (Hargreaves, 2014). Google's method of creating new technology to make jobs is a

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successful strategy.

Google will continue to pave the way for other companies to follow in ten years. The main reason Google will continue to be so successful is due to their staff. Google has some of the most innovative human resources in the industry - so innovative, in fact, they do not even call it “human resources”. Instead, Google calls it “people operations”, or POPS, a much friendlier name that reflects the work environment to a tee. Google was even named the best company to work for by *Fortune* magazine (Manjoo, 2014). Google’s employee satisfaction is thanks to the scientific formula Google uses to decide what workplace policies to put in place, from optimal salaries to the perfect size for the cafeteria tables (Manjoo, 2014). Google also gives out a lot of handy perks, such as a five month paid maternity leave, or paying half of a deceased employee’s salary to their partner for ten years. Some might think Google’s extravagant perks waste money, but surprisingly it does not: “[POPS] rigorously monitors a slew of data about how employees respond to benefits, and it rarely throws money away” (Manjoo, 2014). The result is increased worker happiness and productivity, meaning increased innovation as well. Other companies will need to follow suit if they want to stay competitive with Google in the long run.



GRAPH 1: Google Stock Price at Close, 2004 – 2014, Yahoo Finance.com

### 3. Conclusion

In short, Google has to be a stable long-term investment. Google has led the way in pioneering technology, therefore stimulating job growth and economic activity. Google has also paved the way that other companies must follow in terms of employee satisfaction. Google has all of the traits a stellar investment has. Google has led the technological world for ten years and will continue to lead it for ten more.

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