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Cultural Intricacies of New Wave Organizations

A case study of the organizational culture in a growing startup

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We hope that you as a reader find this study interesting and that you can learn something from our findings!

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Abstract

Title	Startup Culture - An Asset or a Liability? *A case study of the organizational culture in a growing startup*
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Authors	Alexander Egard, David Hansson, Felix Löfgren Hallbeck
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Key words	Startups, Organization, Culture, Growth, Change
Research Question	How does startup culture change with growth?
Purpose	We want to analyze how startup culture changes in relation to organizational growth in order to add to the understanding of which aspects of the startup culture that provides value or loses relevance during expansion. This may provide knowledge concerning the principal aspects of startup culture, how they conform to growth and how leaders could affect the cultural evolution.
Methodology	This qualitative study has been conducted with an abductive approach in addition to the epistemological view of interpretivism and the ontological view of social constructivism. The data collection has for the majority been constituted by semi-structured interviews.
Theoretical Perspectives	The theoretical foundation is based on research on organizational culture and growth, as well as startups and the respective features that the startup culture consists of.
Findings	The empirical material is based on five interviews with employees at a startup company, questions answered in an email from the founder as well as a document study consisting of internal company emails and the employee handbook.
Conclusion	This study has shown that structural implications follow if startups reach their goal of growing. The company's adaptation to the growth threatens the startup culture that is highly dependent on the small number of employees. To maintain the advantageous features that the startup culture provides, management needs to actively shape the culture along with the growth.

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1. Introduction

The introduction will provide context to the essay, enlighten the reader of the background as well as the gaps in the current literature of which this essay aims to fill.

1.1 Background Information

Startup - a commonly used business buzzword which defines certain organizations and started the rise to popularity in the 1970s (Google N-Gram, 2021). While the term startup has seen a steady rise in interest the last few decades, the culture of said startups has only gotten attention in the last few decades with any recognition since the year 2000 (Google N-Gram, 2021). As with most things new, the contents of such areas tend to not be thoroughly explored which makes it not only exciting but also informative to explore the intricacies of startup culture during growth.

A startup can be referred to as a new business which has intentions to grow well beyond the capabilities of a single founder (European Startup Monitor, 2016). The definition does not define size and may thus include entrepreneurs to larger growing organizations. While this definition broadly explains the scope of a startup, all companies contrast each other at closer inspection with differing cultures, strategies or even goals (Farrell, 2018). Culture appears to be a strong force within the organizational sphere as it is commonly said that *"Culture eats strategy for breakfast"* which is a quote generally attributed to management guru Peter Drucker. Every organization has a culture, prominent or not, startup culture could be seen as a variation of the organizational culture.

The common perception surrounding startup culture is that it is a fast paced flat hierarchy with engaged creative minds and tightly knit teams (McAveeney, 2013; Lee, 2014). A report on human capital trends from Deloitte University Press (2015) points to culture as the most important issue that organizations around the world face. The culture could contribute to the success of the organization or eventually the downfall and failure, as the research from Deloitte University Press (2015) shows several cultural aspects as factors for outperforming peers and creating advantages in the market. Therefore, this paper will focus on identifying and valuing

different aspects of the culture based on interviews and a document study which could potentially be fundamental to the organizational success of startups in the modern era.

1.2 Problematization

Reasons to write within the area of startups and their path to success are plenty, seeing as startups have in recent years seen a lot of success with companies such as Klarna, Spotify and Skype that have become known worldwide within their market. Successful things tend to bring attention and interest but for every successful startup there is a long line of defunct startups as eight out of ten startups fail within three years (Feinleib, 2011). The fact that it seems like startups either crash and burn or bloom into an incredibly successful enterprise sparks an interest in what factors that affect their success. The common perception of startups is that their culture is very distinct from the one in traditional corporations with a larger sense of freedom to enable motivation and creativity (Kador, 2014). The significance culture has in startups points to the fact that culture might have an impact on their success.

There is a common perception of what the startup culture consists of seeing as there has been plenty of research in this area such as Kador (2014), Feinleib (2011) and Egan-Wyer, Muhr and Rehn (2018). A lot of the aspects of the startup culture seems to be enabled due to their smaller size. A small number of employees makes it easier to have a more joyful work environment and personal flexibility for example which are common features at startups (Melegati & Kon, 2020; Kador, 2014). When startups reach their goal of growing in size, what happens to the startup culture? Maybe a culture designed for a smaller sized company is the reason for the high rate of failure? The current research on startup culture shows missing knowledge surrounding the adaptability and scalability of the culture within startups. According to Egan-Wyer, Muhr and Rehn (2018) for example, there is a certain mentality within startups that is missing in traditional larger organizations. One of the factors that define a startup is their aim for growth (European Startup Monitor, 2016). The increased size means that startups will be more similar to the traditional organization. Egan-Wyer, Muhr and Rehn (2018) does however not discuss ways that the startup mentality is affected when a startup fulfills their aim of growth. In other research, the factor of growth is not touched upon either (Kador, 2014; Feinleib, 2011). We can therefore

identify a research gap regarding how startup culture is affected by growth. Consequently, this study will analyze how the culture is affected when a startup is faced with growth and provide knowledge on the adaptability and scalability of different aspects in the startup culture. This will be done through analyzing a startup that has had a successful growth period. This new knowledge might be useful for other startups and help them on the path to obtaining a culture that is an asset for the organization instead of a liability.

1.3 Purpose

We want to analyze how startup culture changes in relation to organizational growth in order to add to the understanding of which aspects of the startup culture that provides value or loses relevance during expansion. This may provide knowledge concerning the principal aspects of startup culture, how they conform to growth and how leaders could affect the cultural evolution.

1.4 Research Question

How does startup culture change with company growth?

2. Literature Review

This literature review will present and process information available surrounding relevant areas in context to the research purpose of startup culture facing growth. Starting off with organizational culture to present the broad view of culture in organizations to later process literature across the area of startups. The literature review later culminates in a defining section to provide a deeper understanding of the different aspects under the umbrella of the term "startup culture" and how they fit into the equation.

2.1 Organizational Phenomena

2.1.1 Organizational Culture

Organizational culture has been a topic for quite some time as the term was coined in 1951 by Elliott Jaques in his book *Changing Culture for a Factory* where organizational culture in essence was being described as caring about the same things in order to work together (Jaques, 1951). Later on the term has found several descriptions and many of them follow along the theme that Jaques has laid out, for example Needle (2004) says that culture is the vision, beliefs, language and a slew of other aspects while Deal and Kennedy (2000) boils it down to "the way things are done around here". Additionally, Svenningsson and Sörgärde (2020) point the key focus of organizational culture to being a shared understanding. We recognize that the definition of organizational culture is wide and can include many aspects, thus we adhere to the formal definition of culture outlined by Schein (1991) as "A pattern of shared basic assumptions, invented, discovered or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and, therefore, is to be taught to new members of the group as the correct way to perceive, think, and feel in relation to those problems" in combination with his claim that culture implies every aspect of the group life.

Organizations eventually reach a point where the culture will not align amongst all employees within the organization i.e. groups with differing values are being formed. At this point,

subcultures are taking shape. The term "subculture" does not necessarily imply that it is in any way, shape or form a lesser version of the dominant culture as Morgan and Ogbonna (2008) instead uses the perspective of subcultures being reflective of the organizational culture in a bigger picture. In accordance with the perspective of subcultures they also see an organization's culture as a mixture of many cultures and that it is important to recognize them in order to get a greater understanding (Morgan & Ogbonna, 2008).

According to Janićijević (2013) organizational culture shapes and forms many aspects within an organization. The impact of the culture can be most apparent in the organizational structure where it affects both design and implementation. The impact of the organizational culture is made possible due to the way that it provides a frame of reference and context within the organization for those who design the organizational structure. It is however important to note that the culture can not only impact the organizational structure but the organizational structure can also have an impact on the organizational culture as it becomes institutionalized (Janićijević, 2013). Janićijević's notion that culture shapes the structure of the organization and vice versa has previously been touched upon within the literature. The organizational culture affects interactions which in turn affects many aspects of the organization with an interactional context and later on this produces or reinforces the organizational structure as well as the culture (Morand, 1995).

2.1.2 Organizational Growth

The most common identifier in measuring organizational growth is in sales (Hubbard & Bromiley, 1995). Organizational growth can however be defined in several ways, as Weinzimmer, Nystrom and Freeman (1998) describe several different ways to notice and measure growth within an organization. The most viable data points in measuring organizational growth are sales, employee count and assets. Organizational growth can be measured using different formulas but only using one or two of the data points previously mentioned is not adequate, especially given the fluctuation of the sales component (Weinzimmer, Nystrom & Freeman, 1998).

Organizational growth can be divided into five phases in accord with the organizational life cycle model, each with evolutionary and revolutionary stages (Greiner, 1998). The evolutionary stages are named based on the growth medium during that phase, in order of first to last; creativity, direction, delegation, coordination and collaboration. Meanwhile the revolutionary stages are named based on the common crisis of the current phase, in order of first to last; leadership, autonomy, control, redtape and the fifth crisis is not yet known but is speculated to revolve around psychological saturation. Time in each phase is relative to the speed of growth within the organization which can be categorized into high-growth, medium-growth and low-growth (Greiner, 1998).

High-growth organizations are according to Siegel, Siegel and MacMillan (1993) organizations that show high consistent growth year-over-year, utilize new technologies and have a lean operation. Along with these significant markers of a high-growth organization Siegel, Siegel and MacMillan (1993) also show a link between experience and the eventual organizational success. The links between chance of success and different organizational aspects change as an organization grows, example being leanness where larger organizations should focus on resource expansion in order to meet their corresponding growth prospects (R. Siegel, E. Siegel & MacMillan, 1993). Startups should generally meet the marks for being high-growth organizations, as their main focus is growth but R. Siegel, E. Siegel and MacMillan (1993) point to every organization moving between different growth phases periodically.

2.2 Startups

Since this study refers to startups and what cultural consequences might occur when these companies grow, it can be useful to understand the characteristics of a startup and in other words observe how startups may differ from companies that no longer constitute themselves as being a startup.

In the literature there is no exact definition of a startup that applies to all research on the subject, but the European Startup Monitor (2016) defines a startup based on three characteristics. These are that the company should be younger than 10 years, they feature innovative technologies

and/or business models and they should strive for significant growth in terms of employees and sales (European Startup Monitor, 2016). Egan-Wyer, Muhr and Rehn (2018) point to the fact that people in startups often consider the startup as a different kind of organization in relation to larger companies. This mindset can be seen as people in startups sometimes resist the lack of freedom that can be present in firms of greater size. Furthermore, advocates of startups often make statements and have a discourse whose purpose is to distinguish themselves from what is seen as mediocre corporate logic (Egan-Wyer, Muhr & Rehn, 2018).

Literature on software startups have concluded that some characteristics are commonly seen in startups within the software sector. Some of these characteristics are a low number of employees, limited resources, time pressure, flat organizational structure and acting in a rapidly evolving and uncertain environment (Paternoster, Giardino, Unterkalmsteiner, Gormschek and Abrahamsson, 2014).

2.3 Startup Culture

The success of a number of small-team entrepreneurial ventures has led to a startup culture rising and a community wide perception of the values that are considered fundamental for an organization of this type (Egan-Wyer, Murh & Rehn, 2018). Hopp and Stephan (2012, cited in Egan-Wyer, Murh & Rehn, 2018) mention that this startup culture emerged from the patterns of successful enterprises such as Facebook, Twitter, Instagram, Google and Snapchat. What can be found in these patterns is a shared set of values, language, heroes and mythologies which enables a feeling that the company operates a community. Having shared values as a core concept in the company is what sets startups apart from traditional corporations (Egan-Wyer, Murh & Rehn, 2018).

2.3.1 Structural Framework in Startups

Schein (2004, cited in Janićijević, 2013) argues that the set of values and assumptions that have been imposed by an organizational culture creates a framework for how members perceive, interpret and act thus showing that organizational culture has an impact on all the processes that are apparent in a company. When these sets of values and assumptions are in place the company

strategy, management style, reward systems, commitment, knowledge management etcetera are all influenced by the organizational culture. Management receives a frame of reference that is imposed by the organizational culture which reflects their decisions regarding organizational structure (Janićijević, 2013). Studying the organizational structure and way of working is therefore relevant to determine the common values that make up the culture in our study object.

Organizational structure is defined by Dow (1988) as a planned, stable pattern of actions or interactions that are undertaken with the purpose of reaching the organizational goals. This assumption is made possible by the notion that organizational structure has a purpose and implies that structure can be utilized as a rational instrument for those with the capability of directing the organization on the path to realizing their objectives (Dow, 1988). The effects of the organizational structure is made possible by its differentiation of operational and managerial activities. The differentiation of managerial activities is determined by the centralization or decentralization in the organization, or in other words, who decides on what (Janićijević, 2013). A decentralized organization is just another phrase for flat hierarchical structure considering decentralization is the opposite of top-down decision making. While applying this structure to the startup scene, it has been observed that flat hierarchies are dominant within the startup landscape (European Startup Monitor, 2016). In fact 90,6% of startups have three or less hierarchical levels and 75,6% have no more than two. The low levels of hierarchy and bureaucracy enables startup companies to be more flexible and agile in comparison to larger corporations (European Startup Monitor, 2016).

While there seemingly is a clear dominance of decentralization in startups there is not an absolutely dominant percentage of startups that allow their employees to make operative and strategic decisions autonomously (European Startup Monitor, 2016). There is a small majority of startups (56.4%) that allow their employees to make operative decisions autonomously while the strategic decisions are in majority (68%) made by the management in startups. What can be concluded from this is that a delegation of responsibility is often preferred when it comes to the operative work but not the strategic work (European Startup Monitor, 2016). The culture surrounding employee and managerial decision making within startups is thus arguably split between an operative and a strategic decision.

2.3.2 Work Environment

According to Kador (2014) startups are pioneering the workplace by creating a productive work environment that is beneficial to clients, executives as well as employees. Bessant and Venables (2008) state that innovation strategies have a large importance in many industries giving the corporations that utilize this a competitive advantage. Innovation strategies are mainly occurring in early stage startups which gives them an advantage when entering the market. These strategies include knowledge creation and employee incentives. Kador (2014) further explains the "startup mentality" that consists of different attributes and practices and is put to use by the new successful companies. One of these is related to transparency which has proven to be a stimulator of innovation and has been adopted by many startups. Eliminating barriers to information both within and outside the organization can make it more adaptive and innovative (Kador, 2014).

Kador (2014) further mentions the significance of self-managing teams in startup companies. The creativity and innovation that is enabled through this method of working has been recognized as a highly advantageous feature leading to many startups adopting self-managing teams. With the organization being structured in teams the likeliness of subcultures being formed since a division between employees enables this risk as explained under 2.1. This increases the meaning that the structural setting that is present in startups can have a certain cultural impact.

2.3.3 Social Capital

Bandera and Thomas (2018) mentions that social capital has a big significance in startups and the success in these companies are closely linked to this phenomenon. Social capital is defined by Lochner, Kawachi and Kennedy (1999) as how individuals within a certain community cooperate with each other to reach a common goal or to overcome a common dilemma. By this standard we can see that social capital certainly is relevant in startups considering their similar definition. The employees working in a startup company are therefore a considerable asset, making the social dimension very interesting to highlight when it comes to culture.

Seeing as the social capital is a considerably crucial factor in startups, it is paramount to find capable employees but this has proven to be a challenge according to Melegati & Kon (2020) who mention that the competition for talented technical employees is severe. Larger and older organizations usually have better monetary incentives meaning that startups need to find alternative methods of attracting employees. One way that startups attract talented team members is through offering a joyful and informal work environment with less personal constraints. This can include flexible working schedules, social events and free food at the office (Melegati & Kon, 2020). Worth mentioning however, is that this type of work environment is not exclusive to startups. Fleming and Sturdy (2009) conducted a study on a call centre in Australia with more than 1000 employees where they practiced something called neo-normative control. This type of control was characterized by a "fun" environment where employees were encouraged to be themselves and fun activities were regularly occurring in the office (Fleming & Sturdy, 2009).

The importance of the employees in startups also means that companies try to maximize their potential. The European Startup Monitor (2016) shows in a report that 74,7% of startups believe that strengthening employee motivation and development is an important strategic aim. The report from ESM is further backed by Van de Ven, Hudson and Schroeder (1984) as their research shows a correlation between probability of success and commitment to the startup as people in more successful startups averaged 16 hours more per week than their less successful counterparts. To facilitate this type of commitment there are methods that startups can put into place to make it happen. Indriyani and Heruwasto (2017) for example, conclude that benefits have an impact on employee engagement in startups. Benefits can provide a work-life balance meaning that the company bridges the gap between work and private life as well as income protection, allowances and paid time off. It is important to note that compensation does not count as a benefit and that this did not influence employee engagement according to the research from Indriyani and Heruwasto (2017).

A productive workforce that is able to handle adversity is likely characterized by a variety of different qualities and therefore a diversity within the workforce might be beneficial. Amongst startups it is common to recruit employees from other countries and thus contribute to a diverse working environment (European Startup Monitor, 2016). As much as nearly every third

employee in European startups are international and the vast majority of startups are actively planning for internationalisation (European Startup Monitor, 2016).

Along with the notion of social capital having a significant importance in startups; Van de Ven, Hudson and Schroeder (1984) concludes that the entrepreneurs who run more successful startups have stronger relationships with people whom they work with, meanwhile they also have a more developed network of relationships. The more successful entrepreneurs which Van de Ven, Hudson and Schroeder (1984) studied also kept stronger relationships with potential or prospective customers. In addition to the stronger relationships that are being formed in more successful startups, David A. Morand (1995) mentions that innovative organizations develop an "ambience of looseness and casualness", with examples being informal modes of dress but also informal situations and interactions. Feinleib (2011) also talks about the relationship building in startups. When having the employees of a startup attending many meetings it can be very beneficial for relationship-building. However, as the company starts to grow everybody can not always attend all meetings which leads to a distribution of responsibilities (Feinleib, 2011). As a consequence, relationship-building events may not be as usual occurring as before the growth.

2.3.4 Combating Mainstream Corporate Logic

There is a type of resistance against the mainstream corporate logic in startups and it is mentioned as an integral part of the startup culture by Egan-Wyer, Murh and Rehn (2018). What the startup entrepreneur is resisting is the lack of freedom which is a result of a corporate setting. The entrepreneurial culture which is present in startups is designed to enable freedom for its employees (Egan-Wyer, Murh & Rehn, 2018). Once again this is related to the aspiration of maximizing the employees potential. The aforementioned "startup mentality" described by Kador (2014) is also characterized by a significant emphasis put on creativity. The author further states that less constraints for employees leads to their creativity flourishing. Establishing a sense of freedom is thereby a significantly important factor for success in startups. Letting teams work independently with tasks that they find meaningful and implementing flexible work schedules have proven to be effective methods for maximizing creativity (Kador, 2014).

Reports from the European Startup Monitor (2016) also touches upon the freedom that is enabled by management in startups. As previously mentioned the majority of startups let employees have the responsibility of making operative decisions independently which increases their sense of autonomy. Most startups (90,6%) also offer opportunities for informal exchanges of ideas which is made possible by creative workspaces (European Startup Monitor, 2016). This is also explained by Crowne (2002) who mentions that the employees in early-stage startup companies often sit in the same room and conduct their work which means that communication is rapid and energy and commitment is very high. Crowne (2002) argues that workspaces of this type facilitates informal communication at the company meaning that informality is a considerable cultural feature in startups. The takeaway from this is that less formal communication and other creativity enabling features made possible by employee autonomy is a considerable part of the startup culture.

This subchapter (2.3) has defined what features the startup culture consists of. With this information collected we can in this study analyze how these features change when the startup grows. This is important considering that previous research does not cover its relation to growth. Based on previous research and the collected empirical material we can answer the following research question: ***How does startup culture change with company growth?***

3. Methodology

The methodology chapter is structured in a way that initially describes the overall characteristics of qualitative research and the ontological and epistemological perspectives used in the study. Furthermore, the study object is described as well as the process of data collection within the organization. The methodology used in order to analyze the empirical material is defined just as the research quality and trustworthiness of the study and at last there is a subchapter on research limitations.

3.1 Qualitative Research Process

This study is written in the form of a qualitative research, which is very common in business and management studies. It is partially so because of the often used general research questions and the inductive approach in relation to theory, meaning that the theory is generated out of the empirical material (Bell, Bryman & Harley, 2019). In this study however, we have not used a purely inductive approach and have instead taken an abductive approach. The abductive approach is a combination between an inductive and a deductive approach that has risen in popularity in business research, much because of it limiting the weaknesses of conducting an entirely inductive and deductive research (Bell, Bryman & Harley, 2019). By using an abductive approach we have been able to observe surprising elements in the empirical material that were not covered by the already existing theory and attempted to explain those elements by engaging with the literature again (Alvesson & Kärreman, 2007). Since the study's main focus is startup culture which could be seen as an abstract phenomena created when people put meaning to their environment, many qualitative researchers propose that the research should be done to express the views of the people being studied instead of seeing them as incapable of interpretations (Bell, Bryman & Harley, 2019). The fact that the study also aims to observe how startup culture has changed through the history of the organization's existence is related to the qualitative approach as well, due to qualitative studies often having a process-based perspective (Bell, Bryman & Harley, 2019).

Because of the main theme of culture in the study, it is relevant to use a social constructivist view when conducting the research. The social constructivist view is part of an ontological approach, which is focused on the nature of social phenomena and often used when writing about relatively abstract subjects such as culture (Bell, Bryman & Harley, 2019). By using the social constructivist perspective we are interested in viewing culture as something that is a consequence of social interactions instead of presuming that culture is something objective that all employees would describe in the same way (Bell, Bryman & Harley, 2019). Besides the assumptions surrounding the social phenomena of the study, it is also important to take the assumptions about how the research should be conducted into consideration. The epistemological approach taken in this study is that of interpretivism, which is frequently used when conducting research with the ontological choice of the social constructivist approach (Bell, Bryman & Harley, 2019). Interpretivism is mainly focused on understanding human behaviour including the processes where things happen which is of great relevance to our study since we aim to study how the startup culture has changed over time. Furthermore, the concept of phenomenology which is related to interpretivism, is also highly present in the study due the fact that Schutz (1962 cited in Bell, Bryman & Harley, 2019) describes that phenomenological research concerns how individuals make sense of their surrounding environment.

When conducting interviews in qualitative research there is more interest in the perspective of the person being interviewed. This is due to the emphasis on greater generality in the formulation of initial research ideas (Bell, Bryman & Harley, 2019). To examine the research question of the thesis, semi-structured interviews were used. These interviews are characterized by the interviewers having a preliminary set of broad questions or topics which are to be discussed by the interviewee. Since the person being interviewed is allowed to speak rather freely, there is no strict order in which the topics are about to be covered and the interviewee may therefore also cover aspects that the interviewers had not planned to be discussed on beforehand. Furthermore, the interviewers are able to give follow up-questions when they pick up on things that the interviewee talks about on a certain subject (Bell, Bryman & Harley, 2019).

Because of the prevailing pandemic of COVID-19 there was no possibility of having the interviews directly face-to-face whereupon other options were examined. Therefore the

interviews were done online via the software application Zoom, which enabled us to see the interviewee and vice versa. Deakin and Wakefield (2014 cited in Bell, Bryman & Harley, 2019) mention that this kind of synchronous online interviewing has been seen as positive when it comes to qualitative research due to a number of experienced advantages such as being able to see facial expressions and the possibility of conducting interviews over a longer time period since none of the attendants have to take time to travel. There is not much evidence either to confirm that online interviews significantly reduce the interviewers ability to collect useful data (Bell, Bryman & Harley, 2019).

3.2 Subject of Study

When conducting the research, a company within the tech industry was chosen as the study object. It was of utter importance that the company would be rather young since the aim of the study was to examine how startup culture had changed after growth. The chosen company was founded in Sweden in 2011 and has after being a startup for some time gone through substantial growth in employees, sales and assets. However, the most important factor for this study is the increased number of employees since culture is the main focus of this research.

Due to the fact that we primarily wanted to interview employees who had been a part of the company since the initial startup-phase there was not a large sample size available, however we had the opportunity to interview three employees who had known the organization culture in the beginning just as well as after the growth. All of these employees had been working at the company since they were a small startup and had seen the company grow substantially over the last years to now being a larger startup. However, they did not join the organization at the exact same time, nor do they work in the same team. Martin was the first employee except for the founders and began in 2014, Peter joined in 2016 and Hannah started in 2017 when they were less than 10 employees and had not yet grown that much. After that point the company started to grow significantly and has as of now approximately 45 employees. There was also an opportunity to interview two more employees, Josephine and John, that had joined the company in 2019 and were able to describe the organizational culture from a perspective of being rather newly recruited.

3.3 Data Collection

After contact had been established with the company we were initially given three employees to interview concerning how the culture at the organization had changed, while that being followed up with two additional interviews with employees that were recruited rather recently. The interviews were held online as video interviews that proceeded for approximately 45 minutes and all of us researchers were present in order to minimize the risk of missing to ask any useful follow-up questions. When conducting the interviews we chose to speak Swedish instead of English since the interviewees in that way were given a better chance of explaining the organizational culture more accurately than if they had not used their mother tongue. The interviewees were also made aware that they themselves and the company were to be anonymous in order for it to increase the feeling of speaking without as many constraints as if their real names would have been used in the study. All of the employees that were interviewed had also agreed to let the interviews be recorded so that we afterwards could transcribe their answers.

Initially, the interviewees presented themselves shortly and then got to give their own view on the culture in the company. When speaking freely about this they usually covered questions that we already had planned to ask them but they also brought up aspects that had not been particularly considered by us beforehand, which led to us asking follow up questions. However, there was an amount of questions that we intended to ask which were not brought up by the employees themselves and those were then answered towards the end of the interviews in order to make sure that the employees of the organization really had given an overall view of the organization culture from multiple perspectives.

After beginning to code the empirical material and then analyzing it, some more questions arose that we wanted to have answered. The interviewees had previously agreed to answer questions that might not have been discussed in the initial interview if there were to occur any when working with the empirical material. Therefore, the employees were later on e-mailed a few questions to answer regarding the organizational culture which would further on make us able to understand how the organizational culture had changed even more thoroughly. After the coding had been completed we translated the quotes into English. They were translated as directly as

possible but at times we had to rearrange the structure of the sentences for it to be understood in English. Some of the words used such as "startup" or "team" were used by the employees themselves when speaking Swedish, however when there were more difficult words to translate we attempted to find an as accurate translation as was feasible by using legitimate tools for translating such as *tyda.se* for instance.

Furthermore, we also collected data in the form of documents, as we got access to the company's employee handbook as well as five emails that had been sent out from management to all employees. This enabled us to observe the communication used in the company and employee benefits for example. In addition to that, one of the founders was able to answer questions via email regarding the management's view on organizational culture in order to understand whether the startup culture was something that the company aimed to maintain when they were experiencing growth.

3.4 Analytical Methodology

When analyzing the empirical material it is important to use an analytical methodology that is suitable for qualitative research and the nature of this study. Rennstam and Westerfors (2011 cited in Ahrne & Svensson, 2011) writes about what they believe to be three fundamental processes when conducting research that require analysis of qualitative data and those are *sorting*, *reduction* and *argumentation*.

Rennstam and Westerfors (2011 cited in Ahrne & Svensson, 2011) argue that after first being acquainted with the empirical material the researchers of a qualitative study would benefit from sorting the data. The often large amounts of varied data that is collected in qualitative research require an effort by the researchers to get familiar with and an initial step is for the data to be read multiple times. During the reading process Rennstam and Westerfors (2011 cited in Ahrne & Svensson, 2011) argue that there is a need for the empirical material to be sorted in some way and instead of assuming that we as interviewers already fully knew the data, we took an approach where we aimed to be as observant as possible for discovering new findings that we previously had not thought of.

As Rennstam and Westerfors (2011 cited in Ahrne & Svensson, 2011) mention, coding is a commonly used tool when analyzing qualitative data where themes are being created when observing patterns in the empirical material, which is also the main analytical methodology in this study. After collecting the data we made comments to the different paragraphs to simplify the first observation of which patterns there might be and get an overview of how common the answers were. This could be what Rennstam and Westerfors (2011 cited in Ahrne & Svensson, 2011) label as an open coding process, which then led us on to reading the material again for a more selective coding process where we noted which themes could be of relevance to the study. When deciding different themes in relation to the empirical material during the coding process, researchers could initially benefit from not limiting themselves to only a certain amount of themes. Eventually there must be some kind of restriction since too many themes would not improve the study, but in order to decide which themes are more relevant the researchers may benefit from thinking broadly (Ryan & Bernard, 2003).

After sorting the empirical data, reduction is needed as not all data collected can be presented. Rennstam and Westerfors (2011 cited in Ahrne & Svensson, 2011) mention that the reduction of data should be done in such a way that the chosen material should include what the researchers deem as interesting while the data presented still must represent what the study aims to research. As Ryan and Bernard (2003) argue that starting off with many themes could be beneficial, they also mean that cutting the material later on should be done with the aim to just include the themes that are of importance. When we had divided the empirical material into themes, we therefore read through the themes in relation to the purpose of the study to make sure that the data used in the study were of interest and importance.

The last part in the process of analyzing qualitative data that Rennstam and Westerfors (2011 cited in Ahrne & Svensson, 2011) propose is argumentation, where the researchers have an opportunity to stand out from the previous literature on the subject and with the sorted and reduced data argue for a somewhat alternate take on what is being researched. One of the most essential outcomes of the study is to contribute with knowledge to the subject of startup culture in relation to growth, where an effort to achieve this has been to structure the data based on

interesting findings. This is also done in the discussion chapter while at the same time acknowledging and relating the analyzed data to earlier theory on startup culture.

Since the collected empirical material not only includes interviews but also emails and an employee handbook for the company, there was also a need to apply a suitable analytical methodology to these sources of data. Bell, Bryman and Harley (2019) describe how a qualitative content analysis of documents aims to have the researchers observe different underlying themes from the material and it is an approach that is highly related to the concept of coding. Therefore, when analyzing the emails and the employee handbook we noted themes in the same way as for the transcriptions of the interviews in order for them to easily transfer to the altogether collected data.

3.5 Research Quality

When conducting research it is important to reflect upon the quality of the study being made due to different factors that are relevant to the specific case. Concepts often used are those of reliability and validity, however researchers have questioned the use of these concepts in all kinds of studies. Since these concepts often are related to studies that include measurement they are more relevant to quantitative research (Bell, Bryman & Harley, 2019). Therefore, there are four alternative concepts that together constitute the overall trustworthiness of qualitative research which are *credibility, transferability, dependability* and *confirmability*. By using these aspects Guba and Lincoln (1994 cited in Bell, Bryman & Harley, 2019) argue that it opens up the possibility of observing the social world as being something subjective and not bound to being only one absolute truth.

Guba and Lincoln (1994 cited in Bell, Bryman & Harley, 2019) mentions that credibility is important for trustworthiness since it shows that the research has been carried out according to what is considered as good practice and that the responders feel that their answers have been interpreted in a correct way. To ensure that our study meets this standard the organization will be able to read the report before publishing and while they are not able to significantly change the analysis, their opinion could be seen as a validation whether we have translated the answers in a

rightful way. When further questions were sent to the employees there was somewhat of an indirect respondent validation, due to the fact that the questions were based on earlier answers and the respondents thought it was a good and relevant continuation of the previous interview.

Transferability contributes to the study´s trustworthiness as Guba and Lincoln (1994 cited in Bell, Bryman & Harley, 2019) describe how the study should be able to be used in another context or at a different time. This can be done via thick description, which means that the researchers provide plenty of details regarding the culture. By thoroughly describing the organizational culture of the company based on different themes, we have made an effort to examine and describe the subject in as much depth as possible while at the same time proposing other scenarios for future research on the subject in order to consolidate the transferability of the study.

Guba and Lincoln (1994 cited in Bell, Bryman & Harley, 2019) describes dependability as another factor that would increase the overall trustworthiness of the study. By keeping records of research formulation, selection of study objects and empirical material accessible, the research process is easy to follow for peers. Due to this, included in the thesis there are reasonings concerning the problematization of the subject, reflections upon the chosen organization to study and its limitations just as well as an extensive amount of quotes from the empirical material for the readers to take part of. On the other hand, this aspect of trustworthiness could have been strengthened even more if for example the peers would have been given complete records of the interviews being done when constructive criticism were given to us during the research process.

Concerning confirmability, Guba and Lincoln (1994 cited in Bell, Bryman & Harley, 2019) refers to it as the researchers acknowledging the fact that total objectivity is unattainable when conducting qualitative studies and that they because of that have made efforts in order to downscale the effects that personal values might have on the outcome. By conducting interviews with all three researchers present we managed to have multiple perspectives on how the responses should be interpreted. However, this aspect of trustworthiness may have been even more strengthened if we were not to translate the interviews. As mentioned in a previous subchapter there are benefits of having the interviewees responding in their mother tongue but it

may also create an element of lacking confirmability, since some personal views might influence the words used when translating the answers into English. Rennstam and Westerfors (2011 cited in Ahrne & Svensson, 2011) mentions that when sorting empirical material, researchers are inclined to use words and concepts that are already known to them. Therefore, this is also something that needs to be reflected upon when conducting the coding process and that it might affect the confirmability of this sort of studies.

3.6 Limitations

When conducting a case study like this there are usually some practical implications that we as researchers have to acknowledge and reflect upon, in order to give a better understanding of our methodological choices due to the context. A factor that significantly limited the available number of interviewees was the fact that there are naturally just a few employees that have been part of an organization since the early startup-stage, whereupon we contributed to the collection of empirical data via a document study as well. If the approach of the study had not been to examine how the startup culture had changed there might have been a larger number of available employees to take part in the study.

Furthermore, it would have been interesting to visit the actual office and observe the environment by ourselves in order to use that experience in the empirical findings as well as conducting the interviews face to face. Due to the pandemic of COVID-19 it was not possible to do this and even if the employees gave as vivid descriptions of the culture as possible through online interviews, it might have been of benefit to carry out some of the data collection at the company in the form of a complementary observational research. Another aspect to take into consideration is that the chosen organization could not fully be taken for granted to represent all other startups. In a thesis of larger extent it might be beneficial to study a couple of startups in order to achieve an even better understanding of how startup culture may change due to organizational growth, although studying more organizations could imply that the understanding of each organization becomes less detailed.

4. Empirical Findings

In this chapter we will present our empirical findings in the area of startup culture and growth from the interviews and the document study. The four headlines in the chapter are collections of sub-themes that were identified in the material after coding the transcripts.

4.1 Organizational Structure and Way of Working

In this section we have compiled empirical material regarding how roles and decision making has been structured in the company and how it has changed along with the growth and affected the organizational culture.

In the early stages of the organization, work was conducted in a less formal way with tasks being shared and everyone included in all decisions. To the question "How are tasks being delegated and has it changed after the expansion?", Martin who was the third person to join the company answered;

> *"Yes, it has changed. When you are very few… Let's say you have five different tasks that are completely different that you have to complete in one way or another, one of these three people have to do these tasks even though I as a software developer had to record a movie because that is what we needed. I don't think I would have done that today." - Martin*

Martin reminisced to the early days when there were only three people at the company. This gives us a foundational perception of how the day to day work was conducted. Due to the lack of people and diversity of traits they had to do many different tasks which they might not have the optimal knowledge for. As the years have passed and the company has grown in number of employees, doing tasks outside of your expertise is not as common anymore. More people means more characteristics and traits which leads to less variation of tasks. Hence, the employees today work with a set of few tasks that they are specialized in. During the company's expansion phase, they have grown from 4 to 40 employees in a short period of time which has created a need for a formal structure;

"There is a big difference between now and then since there is a lot more focus on different types of processes and roles. You need certain roles so you know who to turn to for advice. Before, there were two other people so you asked one of them. Now there are forty others, who do we need to ask about these things? There is a need for clarity. That is much more important at this stage" - Martin

Clarity is something that Martin values highly in a larger organization. In this case, clarity is achieved by having formal roles in the company so there is no confusion about who to ask for advice regarding a certain matter. Hannah talked about when these roles were implemented, *"When I came to the company (2017), there was a bit of restructuring .... It was at this stage they put the structures into the company that are still there today"*. During the first expansion phase (around the time when Hannah was hired) it was apparent that management felt the need to implement formal roles. Seemingly, the structural differences were bigger between 3 and 10 people than between 10 and 40 as the structures that were put in place when there were around 10 people at the company have stayed the same until today according to Hannah. Martin further mentioned the decision making process during the different stages in the company;

"When it comes to decision making we have been more divided into compartments. If you have a decision that is solely about a certain hardware component, the decision will be made in the hardware team even if it is a big decision. When we were only a few employees, everyone was taking part in the decision-making as it was central and important. But on the other hand we work with cross-team decisions and especially if you have a decision-making meeting. Then we try to be as dynamic as possible so that the right people are at the meeting and not the same people." - Martin

Including everyone in the decision making process is in accordance with the typical approach of a startup company. With the number of employees being very limited it is not surprising that they had to work with multiple different tasks simultaneously and having decisions made with everyone's input. It simply was not possible to delegate tasks according to expertise and make decisions on your own. Along with the company growth, teams with a certain area of expertise

have been implemented and the decision making ability in that area has been delegated to them. However there seems to be a discrepancy between the employees regarding their perception of the decision making ability within the teams as Hannah said that, *"there are always decisions that you can't take solely within the team. If a decision affects the product or the overall planning and so on, the decision is made by a superior"*. However Hannah seemed to be referring to strategic decisions when talking about the decisions that need to include superiors and that operational decisions are taken within the team. Even though Martin seemed to believe that the teams have a better decision making ability than Hannah, it is quite clear that both of them believe that there is a higher degree of decentralization today. Management realized that it was not necessary for everyone to be included in all decisions. Instead only the people with the right knowledge were included. Hannah continued to touch upon the area of decision making as individuals and within the teams as well as the variation of tasks;

> *"Before, our tasks were not as different from each other. Before we expanded [From ten people and upwards], most people were up to date with everything going on and this was easy and natural. We had many meetings together so it was more natural for us to make decisions on our own. But in line with the growth the key people could not attend everything. When they could not attend it was harder for us to make decisions since there was a lack of people in a leading role. But now the company has learnt that it is impossible for everyone to be included in all decisions and delegated responsibility instead." - Hannah*

Hannah concluded that there were more possibilities for making decisions on your own in the early stages due to the fact that everyone else was up to date with everyone else's tasks because of the frequent meetings. Both Hannah and Martin mentioned how it became apparent that everyone, especially the "key people" could not be included in all the decisions and attend all the meetings which paved the way for specialized teams to be created. Peter also talked about the changed decision making process and area of responsibility;

> *"The process of decision making has changed. Today there are more people that make decisions, before it was basically only the two founders that made the decisions. Now*

they just make some of them… The biggest difference between when I was new and now is the role you have. I still have a wide range of responsibilities, as have others, but they have still become more narrow. After a while you hire people that are experts in a certain field which is what happens in larger companies." - Peter

As also mentioned by Hannah and B, in the earlier stages the small number of employees enabled many meetings and a spread of information so that everyone was up to date with everything that was going on in the company. The decision making however was more centralized towards the founders of the company. The quick spread of information became impossible after the growth considering the increased specialization and number of employees. The decision making process became decentralized with strategic decisions being limited to superiors and the operational decisions being delegated. With the teams being specialized within a certain area, there is a need for their input of strategic decisions as well according to Josephine;

"I would say that the decision making process is more decentralized than centralized. We use specialists in all teams to make the big decisions. Then you have to have some kind of centralization with a superior that puts their foot down when a conflict occurs or if there are multiple choices that are equally good but you have to choose one." - Josephine

The expertise that can be found in the teams are crucial for some decisions making it impossible for a completely centralized decision making process to exist in the company. There is however a certain need for superiors like Josephine mentioned. Seemingly, the company operates through a decentralized process with hints of centralization being included. The implementation of formal roles and task delegation have certainly impacted the culture in the company. The increasing number of employees has led to people being more divided and specialized in their own area. Thus everyone will not interact with each other all the time which was the case in the early stages. This might repress the sense of community and togetherness that is a central part of startup culture. Josephine, who came to the company in 2019, after they had their initial growth, had a feeling that your perception of their way of working is dependent upon how long you have worked there;

"I can imagine that a person that has been at the company a long time might believe that there is a certain slowness [tröghet] when it comes to decision making. This is natural when more people join. I still see it like we are very flexible as I have seen the opposite at other workplaces ... So it all comes down to reference points and I still consider the company to be very flexible." - Josephine

It has been mentioned by Hannah, Martin and Peter that the decision making process now includes more people than before. It is believed by Josephine that they experience this new process to be complicated and slow since they have previously experienced an even more quick and flexible process. But if you make the comparison between this company and other organizations, you will find that the process that exists in this company is considerably more flexible. As more people with unique personalities and skill sets have joined the company, homogeneity has become a subject of change over the years. Especially within the teams according to Hannah and B;

"Some teams have more homogenous competences, ... Maybe the team-spirit is bigger there. In other teams there have been very specific competences within the team and then it is usually only one person that can do a certain task and it may generate another team-spirit and dynamic." - Hannah

The homogeneity of competences differs amongst the teams leading to different ways of working according to Hannah. When spending your time with the same people a certain relationship and dynamic is formed with those people and this is something that occurs in the company among the different teams. The lack of homogeneity regarding culture is also noticed by Martin**,** *"We are not a giant company but I believe that a common culture across the entire company is very hard. Personally I do not feel like we have a common culture across the entire company, rather it depends on which team you are working in. I think you notice that the cultures within the teams are pretty different from each other"*. Martin felt that a homogenous culture is missing in the company which is likely attributed to the fact that subcultures are being formed in the working teams. Even though the culture within different teams might differ, something that seems to be applied to the whole organization and can work as a reward or a factor of motivation is employee

benefits. The organization provides an extra week of vacation as stated in the employee handbook, however Peter made it clear that the lack of compensation for eventual overtime quickly overrides that benefit;

"We have one extra week of vacation, But at the same time we do not get any compensation for eventual overtime so that benefit disappears quickly." - Peter

Furthermore the employee handbook outlines benefits such as wellness allowance [friskvårdsbidrag]. Benefits according to the employee handbook also include transportation costs and compensation for glasses needed at work to a certain extent. Internal memos show a recently added "recruitment bonus". The recruitment bonus provides monetary compensation for recommending a new employee who the organization later hires. Apart from the recruitment bonus, the benefits in the company do not seem to be much different from other companies. Therefore it is not likely that the company will attract employees solely because of this.

4.2 Employee Autonomy

Employee autonomy is connected to the degree of freedom that employees in the company have. This subchapter will present empirical material on how the employees feel their personal autonomy to be facilitated and how it has changed during their time at the company.

While conducting research at the organization the interviewees generally brought forward a special event when it came to being able to present ideas within the organization; a so-called innovation day;

"These days are called 'Innovation days' and it is like 'if you could do anything you would like, what would you do?' From that people can work and it has definitely come up some interesting things from those days" - Josephine

While the innovation days are seen as a viable place to present ideas, several interviewees noted that they believe presenting ideas has become harder, which may indicate that the culture has

changed as the organization grows. Martin said *"It is harder, but with that being said I still think it is relatively easy"*. To affirm the notion that the difficulty is increasing, Peter mentioned that they believe bringing up new ideas has gotten harder and that it will get harder the more they grow, in essence they believe that they have previously had more freedom. Peter developed it further, saying *"For me it is as easy to present my ideas as before. The question is if that is as simple for the people not in the same meetings as management"*. It is important to note that Hannah, Martin and Peter are employees who have been at the organization for a longer time, insinuating that the culture surrounding the freedom of presenting ideas has remained largely unchanged for them while John, who has not been at the organization for a long time said that *"it depends on how you are as a person. I believe that I would have it a little harder to bring up my own ideas"*. The statement from John may further indicate that the culture lends more freedom to employees with more experience at the organization or even people with a more prominent personality. Peter seems to have identified this as they said, *"If you are not a strong person, a strong personality will always make their voice heard, a person in the background will fall even deeper into the background"*. Even though the company tries to get the employees to bring up their ideas, some people still have a difficult time doing this.

Besides the 'Innovation days', internal communication in the form of emails show that the employees are presented with an opportunity for improving their own work environment as it states that they have been given suggestions at the last meeting and will work on those who have been put forward in order to *"...improve the working environment from home"*. When the organization moves from a small organization, as Hannah put it, where *"everyone had contact with the higher ups as compared to today"* into the state that it is today, it could face obstacles as employees appear to no longer have the same connection to higher ups and thus a more complex path for presenting new ideas. The notion that the connection between new employees and higher ups get weaker is echoed by one of the founders. The founder pointed to it being one of the challenges that could be eased by organizational culture, when you can no longer rely on personal connections. While presenting your own ideas could bring a sense of freedom, a more concrete form of employee freedom could be seen in the working hours at the organization;

"Freedom under responsibility concerning working hours is definitely something I would say that everyone appreciates to make it easier to plan your day." - Josephine

Flexible hours could potentially be a concrete form of employee freedom but as the collected material shows, they do not appear to be completely free. The working hours include so called 'core hours' which Hannah mentioned, *"Theoretically we have core hours in the employee handbook for when to be in the office or available"*. However, they also state that these hours are *"... more of a guideline or indication of how we want to make it easier to communicate between each other."*. As the material is analyzed a changing pattern in flexible hours affected by growth within the organization is emerging;

"It has changed from being completely flexible to being a bit more strict, earlier I could work at whatever time I wanted" - Martin

Martin, who has been at the organization for a longer time, believed that the flexible hours have gotten a bit more strict but Peter said that *"It has always been flexible hours"*. As Martin has more experience at the organization compared to Peter it strengthens the observed pattern that the flexible hours are changing as the organization grows but as Peter still has been with the organization for a long time it points to the pattern changing more rapidly at an early stage instead of linearly during growth. The employees indicate that the flexible hours does however not only have an effect on being at the office at certain times for meetings or alike, but has a broader impact in giving employees responsibility of their own hours and individual freedom;

"If you miss a bus and end up five minutes late in the office it does not matter so the added stress from that disappear" - John

As John showed, the flexibility and freedom surrounding the working hours provides additional benefits which Josephine confirmed via the statement *"The time people come to work is very different. I am the type of person that shows up at seven while others show up at nine. There is usually a group that is there early and you sit down at your computer, grab a cup of coffee and chat for a bit and then start working."*. Not only did the employees mention that being able to

show up freely creates freedom and community but also helps them work as Josephine said; *"it was nice that as many people as possible were in the office so that it is easy to just solve a task, a quick question or just talk a bit"*. It could be argued that the aforementioned benefits would potentially be a rare occurrence in the previous culture that Martin mentioned with *"...work at whatever time I wanted"* as the working hours, in theory, could be widely scattered. It seems evident that the organizational culture is changing as the organization grows resulting in less freedom of the working hours but the individual general control remains. Whereas flexible hours play a part in the freedom of choice, there could be several aspects of culture that involve a freedom of choice. The sentiment surrounding having a freedom of choice in solely what you want to work with has seemingly changed as they grew;

> *"I would say that it is very free. You know the priority of what you are working with and then it becomes natural to take deal with that part but other than that it is pretty free"*
> *- John*

Every employee interviewed has mentioned that they in some way have a possibility to affect what they want to work with. Martin mentioned *"In the beginning, the necessity of doing a task was almost always prioritized in favor of effectiveness"*. In response to the freedom of today, Martin says that *"All employees can voice their opinions and have the possibility to affect the work"*. Martin draws what could be an outline to the change of choice upon work as a startup grows. Hannah, also in response to the freedom of today, follows the theory outlined by Martin and said that the employees get a *"possibility to decide some aspects of their own work ..."*. While most employees mention their possibility to affect work to some extent, John instead phrased it as a *"dialogue with your boss"* thus perhaps lending more credibility to the previously seen pattern of that the seniority within the company creates more freedom.

As per the employee handbook *"overtime is compensated already"*, which in combination with Martin who stated *"You are expected to reach certain goals otherwise the company can not continue and usually that requires more than forty hours a week"* in regards to the culture at earlier stages in the organization. The arguably high amounts of dedication and focus could eventually be what led to a 'nerd culture' which some of the employees who had been there the

longest touched upon. In said culture you would have to love what you work with or you will not find it enjoyable, at all thus creating an atmosphere of people that love what they do. Thoughts in regards to the current culture has instead led into a lot of freedom but also trust in the individuals. An example of this is presented by Hannah, *"... a lot of flexibility and trust in the individual that they are working the hours they need to work".* It could be argued that the culture changing from the nerd culture into more freedom and trust is a measure taken for widening said culture and to let more individuals fit into the cultural frame by more easily allowing them to do what they find enjoyable or interesting. Peter also brought up how this 'nerdy' interest in technology can have an impact on the employee engagement in the company and how this has changed over time;

> *"Something that is clear in the company is that the majority have a genuine interest for technology and it benefits the company in a natural way. I believe that for many, the company is more than just a workplace considering their big interest in technology in itself and that many get a big freedom of development [utvecklingsfrihet] without too many strict rules."* - Peter

It is clear that the company successfully has attracted employees with a substantial interest in technology meaning that motivation is automatically at a high level. Having a passion for technology meant that some employees even were working outside of working hours according to Peter, "*People were very interested at the start, they could sit at home and code to 1 A.M. It was like that in the beginning but it has decreased since".* Obviously this is tremendously beneficial for the company seeing as productivity was not an issue in the beginning. However, Peter mentioned that "*those people with a genuine interest for their work are harder to get a hold of. We have those people at the company but not everyone is like that".* These people are rare and hard to find which has led to people without this passion being hired, "*When you hire more people there will be more employees that see work as eight hours of labour and then life starts when they come home.*" With a lower percentage of employees having this large interest in technology the general engagement for their work has decreased over time. It is mentioned by Josephine that engagement can come from the interest of working in a startup company;

"I think it is exciting to work in a startup. Even though the company has existed for a few years now, it is still a company in development that has not completely laid the path for the future but you discover over time where the best business case is." - Josephine

It seems like there is a special excitement that can be found in startups seeing as their aim for growth leads to the work being rather unpredictable. Being in a development stage might be a factor that affects employee motivation and engagement in a positive way considering that the employees seem to appreciate the unpredictable future.

4.3 Social Dimension

The social relations in an organization is highly relevant to consider when studying the culture. This subchapter will present data on how the employees perceive the social relations in the company and what factors that have or have had an impact on them.

The interaction of people is what creates the culture and when asked about the relationship between colleagues apart from actual work, Martin answered;

"We sometimes meet with colleagues outside of work. This is mainly team-based. We have tried, we have the winter party and summer party. Concerning after-work for example it has not been that much of it, more in certain teams though. Us in the software team have had it more than others but still not regularly." - Martin

Spontaneous social gatherings amongst colleagues are seemingly not that common. However, planned after-works and seasonal parties occur from time to time. The occasional social gathering is mostly planned by management meaning that there might not be an abundance of strong personal relationships amongst the employees. Martin seemed to have a different experience regarding social gatherings with colleagues than Hannah who said that *"We do not meet each other outside of work especially much"*. As Martin mentioned, there is a difference in frequency of after-works between the teams, confirming the fact that the aforementioned subcultures have been formed and that the strength of personal relationships varies between the

teams. As these two employees are a part of different teams, the discrepancy of experience is likely due to this. John mentioned that *"before I came, they used to go around and have dinners with each other at home with everyone in the team"* which supports the fact that some teams are closer than others. However, it is also mentioned that *"This was something that disappeared after we grew"* meaning that the growth of employees has complicated the process of maintaining personal relationships. Martin also stated that arranged social activities has not always been;

"There has been an active effort concerning corporate culture, with the winter party for example in order to make people feel more connected to each other. When you meet colleagues outside of work in a casual setting you understand each other better and I believe it becomes easier to cooperate then." - Martin

Martin seemed to believe that social activities are beneficial for the organization since it facilitates productivity and cooperation between employees. Another example of an activity of this sort is explained by Josephine, *"We looked at the new office together in small groups and after that we had lunch outdoors"*. In an email that was sent to everyone in the company, management offers the opportunity for the employees themselves to come up with ideas on what the company will buy with the money that they have set aside for something fun to have at the office. In this case we interpret "something fun" to be something to put in a common room that will improve social relations in the office. This might lead to people being more connected and therefore facilitate cooperation amongst colleagues like Martin pointed out. Hannah further mentioned the relationship between managers and employees;

"The relationship with the boss is the same as with colleagues. I do not see a significant difference. Sure they have more responsibilities and make bigger decisions but I can say the same things to them and have the same discussions." - Hannah

The hierarchies in the organization seemingly does not affect the relationship between managers and employees considering the absence of a need of being formal when interacting with them. This perception is shared by Josephine who said that *"It is very much a horizontal organization in the way that it is no trouble to talk with your boss, the founders or the CEO if you want to"*.

This suggests that informality and a relaxed environment is present in the workplace and that the hierarchies that are in place are not very noticeable nor affect relationships. Josephine brought up the effects a smaller company has on personal relationships;

"Generally it is rather personal being at a small company like this and it is pretty easy getting to know each other on a more or less private level so that you know how many children people have, what their partner's name is or what they like to do in their freetime. In a big company you have this in a small group but in a company of this size you have the possibility to know everyone more or less." - Josephine

Josephine mentioned how in a small company it is easier to get to know each other on a personal level. Meeting people regularly gives the opportunity to speak about personal topics meaning that relationships grow stronger. When asked about conversation topics in the break room, Josephine answered that *"Conversation topics vary a lot. It is often a good mix between personal and work topics"* which is agreed upon by John, *"It could be everything from something that happened within work to astronomy and everything possible, basically it could vary a lot"*. Obviously there is talk about work but the employees feel no restrictions to talk about personal topics at the workplace. Along the topics of conversations, something that promotes this is open landscapes in the office;

"Generally we have a relatively open landscape which we will have in the new offices as well. They will be somewhat separated, it will not be everyone in a giant room. But that in itself I would say shrinks the barrier in asking people who are in the same room or landscape rather than actually going to someone else's room. It makes it easier to see if people are at their desk or not and if they are not, they may be in a meeting room and have no reason to look for them. In that way I would say it promotes social relations. - Martin

The company is at the moment in the process of moving to another office as they are in need of more space considering their growth. The open landscape that they have worked in is appreciated in the sense that it is easy to get in contact with colleagues and saves a lot of time since you very

easily can spot where everyone is according to Martin. John also talked about the advantages of an open landscape, *"You perceive more of what happens around you and what others work with which could be positive as you understand what is happening in the organization and what others are working with"*. However, there also seems to be an agreement amongst the employees that there is a downside with this type of office;

"As we have grown from 20 to 40 people in the same office it has become more cramped. Now during Corona we are working from home but when we were fully staffed in the office I thought the sound levels were rising." - Hannah

Hannah seemed to think that an open workspace can turn into an obstacle when more people are added to the area since noise pollution becomes evident. John also mentioned that *"You could hear a lot from the others which could be bothering… I do however believe that it was raised somewhat of a problem and people tried to find conference rooms to talk in"*. The rising sound levels enabled by the open workspace has become a common complaint in the company. While the smaller barriers of communication might increase productivity in the company they might also have a deteriorating effect on productivity since noise pollution lowers concentration. The benefits of an open workspace is evidently dependent upon the number of people working there. With the organization growing, communication is conducted differently according to Peter;

"Due to us being more people it has become more meetings, it gets less personal as you talk in front of more people instead of a few as earlier. It takes more time and has become slower now as there are more people. Spontaneity has decreased a bit." - Peter

The high sense of spontaneity and high amount of personal conversations that is previously mentioned to be common, faces adversity with growth. Hannah supported this by saying that *"Earlier we were so few that all the communication almost went spontaneous due to everyone being at the same meetings"*. It is not very surprising that spontaneous and private conversations seem to have decreased and that the spread of information has become slower. Martin also mentioned that *"It has changed in the sense that the communication needs to be more official now as we grow larger. Communication wise it is more important with written things now*

compared to earlier as it was more redundant back then as to gather around mutually". As informal conversations are not as good of a tool for information spreading anymore and it is harder for everyone to gather for a meeting, there is a higher significance of communication through writing in the form of memos. This also affects the factor of informality that was a characteristic associated with the communication that was conducted in the early stages of the company. John said that *"In mail format I believe that we are pretty formal but as we are a small organization you bump into management and then it is significantly more informal"* suggesting that there is a discrepancy between how formal the communication is in written emails and how it is in person.

Access to different internal communications, such as emails has enabled studying the degree of formality in memos. John believed the written communication to be more formal than the one in person but there are signs of informality in the emails as well. The language itself is rather formal seeing as it is important that the information in the emails is understood by everyone. The signs of informality that were identified are mainly the use of smileys and happy emoticons that was included in some of the emails, which suggests that some degree of informality is present in every form of communication in the company. The importance of social capital in startups points to the fact that a happy and satisfied employee is a valuable one. Peter talked about when they felt the most happy in the company;

> *"I would say that it was the most fun in the beginning, we were very small and tight-knit, it was new and exciting. It was probably more fun then compared to now if I'm being honest"* - Peter

Peter found excitement in working in a new company and a small group which differs from Hannah who said that *"I have probably felt the happiest [trivts bäst] lately but I think it depends on what sort of challenges you are facing. If we are working on new products and new things, I find that more fun than if we try to change or rework an old product"*. Hannah had a different perception of happiness at the workplace which is mostly dependent on what they are currently working on. There is no surprise that employees felt the most happy at different stages. Some thrive from close relationships and others from exciting tasks. Martin also touched upon these

differences, *"I would say that it is hard to say an exact point in time… I believe that what you find the most enjoyable also changes"*. People have different ways of achieving happiness and enjoyment at work and this might also change over time. For happiness to be achieved amongst all employees, it is important to facilitate an environment that is fitting for a diverse group of people;

> *"I would describe the company as diverse. We have always had people from different nationalities. As we grow, this might increase. In my group we have gotten more people from other countries." - Hannah*

There is quite an international environment at the company seeing as they have multiple different nationalities represented and they recruit internationally according to Martin, *"We have for example been looking for people outside of the country to obtain employees with the right competences"*. Hannah believed that the openness towards diversity, *"It has not changed as the company has always been open on that"*, whereas Martin had a different opinion, *"I believe that the attitude towards diversity is even better now than before"*. Whether the company has improved on their stance on diversity or not, it is clear that they have always been open to it. With people from different parts of the world working together a cultural diversity has emerged as well according to Josephine;

> *"One thing I have noticed is that we have quite many different cultures in the company. We have people from India and Germany but also people with other religions so we have actively chosen to not have a Christmas party and instead have a winter party. That is something that is done in order to be more inclusive." - Josephine*

The company has taken an active role in welcoming the different cultures by not having a christmas party. Even though the majority of the employees are swedes and celebrate christmas they have chosen to be more inclusive towards the minorities and have a winter party instead. Another example that might be an act of inclusiveness is mentioned by Josephine, *"All the large events and many meetings are in English since we have many people that are not proficient in*

Swedish at the office". Maybe this initiative has more to do with efficiency but it is still something that is beneficial for the non-swedish speakers.

4.4 Cultural Initiatives Taken by Management

When the interviewees responded to the questions about the organization, all of them mentioned how different initiatives had been taken by management that could have an impact on the organizational culture. In this subchapter we will present the different initiatives taken by management to shape the culture according to the employees.

The initiatives concerning culture were, as explained by the employees as well as of the founder, done intentionally. Martin stated that initiatives in order to form or maintain a certain culture have been done purposefully by managers;

> *"Culture initiatives are something that different people in management think are of different importance, but at the time it is becoming more significant. We have recruited some people into management who think that it is important to introduce a certain culture since it benefits productivity, effectiveness and so on." - Martin*

By saying this, Martin argued that culture is something that has become more common after the company has gone through some growth, since Martin also stated about the beginning of the company that there were not any thoughts on processes within the organization and that *"there weren't really any conversations about creating a good work environment."* The mindset that organizational culture has to be worked on actively by the managers and does not come naturally is further described by Josephine;

> *"My boss is working in the way that she wants to create these activities, winter- and summer party and different social events. It does not occur by itself, it takes dedicated people that stand behind it and there is a group that she manages that makes sure that these kinds of things happen." - Josephine*

The social events are mentioned by multiple interviewees and Peter confirmed the winter and summer parties while also mentioning other activities being organized; *"In the summer there are sometimes outdoor activities and then there is the annual *Company name* day where we present strategies for the company and then there is a party."* These initiatives that aim to achieve a strong culture by having social events can be seen to be happening regularly and throughout the whole year. It is appreciated as Martin also observes how the social initiatives with parties and social events are strengthening the ordinary work, as seen previously when mentioned that *"you understand each other better and I believe it becomes easier to cooperate then."* However, John mentioned that *"it is not always great attendance to events that reach into your free time,"* which might indicate that the social events organized outside of work do not always affect all the employees. In continuation to this, John gave an example of how managers have made a cultural initiative at work;

> *"There was a project someone had named after a pink 'My little pony' and when that project was over we had a pink theme with some champagne and cake where it was 'all-in' on the theme. You try to celebrate the successes that come even if they are not huge but just if you have completed a project." - John*

In this situation, more employees took part since it was at the office and coworkers did not have to "offer" their freetime. The quote also states that including the employees in celebration of success on a regular basis is important in the company. Hannah said that *"we have different sorts of initiatives taken by our management"* which can be seen as not all initiatives are to be considered as social events. Some efforts have been made by management to benefit other aspects of the organizational culture as well;

> *"An initiative was introduced a few years back called 'innovation day' where you are able to do whatever you want. You come with suggestions on what you would like to do and put it on a list for everyone to see so that you could join someone with an interesting idea or create something on your own if you like. Then it usually appear some innovative ideas and it is an often appreciated event." - Peter*

Peter spoke about the previously mentioned initiative of "innovation day" where the main aim is to promote the possibility of presenting ideas and be innovative during a couple of days every year where ordinary work assignments are put aside for the employees to stay creative. "Innovation day" is also brought up by John who described it as an opportunity with total freedom when stating that it is *"focus on figuring out something you think would be cool to do."* This initiative can be seen as something practical in relation to what is said in an internal email, namely that the company wants to *"let employees come with ideas for 'fun stuff at the office' as well as ideas for improving the work environment."* Apart from this, John mentioned another initiative when speaking about keeping the organizational culture transparent when saying that "*I do believe it was the reason they created this '*company name*-bus.'*" The '*company name*-bus' is described as part of the introduction of the company when you are newly recruited and John explains it as *"you get introduced to all parts of the organization where each respective team chief tells you what they do and how it works.".* This is an initiative that John believed to be correlated with the open culture the organization strives to maintain by letting new employees observe what the whole company wants to achieve. It is evident that the management knows that culture needs to be worked on as one of the senior managers and founders of the company says that;

"It is key that the management dedicates enough time to work with culture as you no longer can count on the direct personal connection as much as before." - Erik (Founder)

The founder acknowledges how organizational growth has come with cultural challenges and multiple initiatives have been made due to this. There have also been seminars used as an opportunity to lift ideas as John said that *"sometimes the seminars are about bringing forward what you have done during the day and if you have found something fun to inspire others."* By having these seminars, the employees are given a chance to lift ideas to other coworkers and it could contribute to keeping the organizational culture as open as the management wants it to be. There are indications that these initiatives have been successful as Josephine said that *"I would describe the culture as open and familiar...It creates a feeling of coherency."* which goes hand in hand with the founder's aim that the employees should *"feel a sense of cohesion."* On the other hand, some employees do think that the culture can be improved even more;

"I don't consider our organizational culture as strong in comparison to companies like IKEA and Apple, where I have read that employees are internally educated to promote the company's approach and mindset. It takes time to establish things like that and it requires the right people in a leading position." - Peter

While companies the size of IKEA and Apple are far bigger organizations, Peter was aware of the effort it takes to achieve a strong organizational culture and that management plays an important part in it, and further stated that even in this startup *"I would have liked to see more occasions where you conveyed and developed the organizational culture."* Hannah had the same stance on the initiatives by the management being partly successful when she mentioned that they have worked to a certain extent and continues by saying that *"I believe that more initiatives would be beneficial. A clear picture of what aspects within organizational culture you want to promote would be good."* The employees seemed to believe that the initiatives taken have overall worked well in accordance with strengthening the different aspects of culture, while at the same time acknowledging how more initiatives would benefit the organizational culture even further. As one of the founders previously mentioned that the management is aware of the active culture work needed as the company grows, since the founder believes that maintaining the organizational culture from earlier on would be beneficial.

5. Discussion

In this chapter we will define what can be considered as part of the startup culture at the company as well as discuss how these factors have changed with growth. What was the most interesting from the empirical material was the managerial actions that shaped the organizational culture over time. Therefore this chapter will largely be centered around managerial initiatives concerning culture.

5.1 Structural Struggles Leading to Cultural Impact

As Schein (2004, cited in Janicijevic, 2013) mentioned, there is a mutual relationship between structure and culture within organizations meaning that they affect each other. This is evidently the case in our study object as well, seeing as the employees have expressed that the culture has been affected by the structural changes that have been made in the company. The European Startup Monitor (2016) concludes that startups are characterized by a flat hierarchical structure meaning that the decision making power is decentralized. Therefore it was surprising that the company started off with a more centralized structure where the two founders were making the majority of the decisions. The employees were often included in the decisions but ultimately the founders had the last say. It is not surprising in one way, seeing as the founders had been at the company for a significantly longer time than most and therefore were more experienced, but it is surprising in the way that this is not the typical approach of a startup company. When the company grew in size, the company transformed to a more decentralized structure where specialized teams were formed and gained decision making power in that certain area. At this stage the company was more similar to the majority of startups where strategic decisions are made by management and operative decisions by employees (European Startup Monitor, 2016).

Along with the growth, a culture with a higher degree of formality emerged as formal roles were introduced and areas of responsibility were reduced. In the early stages it was not clear who could help you if you had an issue and there was also a possibility of employees having to perform tasks in areas where they lacked expertise. It became apparent that there was a need for structure and delegation since the informal environment was not an efficient way of working. To

enable efficiency, management introduced these self-managing teams that according to Kador (2014) is a typical strategy for creating a productive work environment. Self-managing teams offer the opportunity for employees to be creative and innovative which are two important factors in startups (Kador, 2014). These teams however, came with cultural consequences in the form of a higher degree of separation between employees. When working in teams, you interact with the same people everyday and the people who are not in your team become more distant according to the employees. This division can lead to subcultures being formed as explained by Morgan and Ogbonna (2008). This lack of homogeneity is recognized by the employees as some teams are more tight-knit than others. According to Morgan and Ogbonna (2008) most growing companies reach a point where subcultures are being formed. This might indicate that the company in question has started to form similarities to larger and more rigid organizations meaning that the startup culture is fading away due to the growth.

Indriyani and Heruwasto (2017) describe that employee benefits can be used in order to attract employees to startups. The interviewees and employee handbook gave no indication that the company offers any benefits that are good enough for employees to be attracted. With this said, compensation in the form of benefits were of no substantial significance in the company and with that said it has no impact on the startup culture either.

It has been discovered while studying the empirical material, that managerial actions have had a significant impact on how the culture is shaped in the company. Though, some of these actions did not have the forming of a culture as the main purpose. The purpose of the initiatives taken by management regarding the structure and how work is conducted has been to adapt to the increasing number of employees and keep productivity. The actions however, have had a secondary effect on the culture. It was already known that managerial actions connected to structure can have a cultural impact due to the research made by Schein (2004, cited in Janicijevic, 2013). The implementation of formal roles and self-managing teams led to a culture where efficiency was of importance and people became closer to some people but more distant to others. Since these actions were not made with the purpose of shaping the culture they will not be further discussed. Our findings regarding managerial actions that were made to form a culture will be discussed in the following sections.

5.2 A Quest for Balanced Autonomy

The empirical findings present a situation where the culture at one point was, as some employees called it, a 'nerd culture'. A nerd culture that the early employees recognized and identified as prominent in the beginning. The culture seems to involve a strong interest in the technical aspects while also being able to work at a high pace with consistent motivation. Different aspects of the nerd culture are in accordance with Van de Ven, Hudson and Schroeder (1984) arguing that successful growth can be attributed to commitment within the startup. The nerd culture does however not appear to be a sustainable culture as an organization further grows, due to the lack of social capital which fits into the bounds of said culture. As the organization grew the nerd culture started to slowly fade and according to the empirical findings the nerd culture does still exist but does not have the same strength as it once did. The findings in the evolution of the nerd culture at a startup aligns with the arguments of Bandera and Thomas (2018) in that the social capital plays a significant role in the success of the organization, the nerd culture could even be seen as a cooperating community which is how Lochner, Kawachi and Kennedy (1999) defines social capital. Contrary to the literature where Morand (1995) says that innovative organizations develop a relaxed environment, the nerd culture created a high pace environment with performance requirements which remains to this day.

The innovation strategies explained by Kador (2014) aim to increase productivity in the company. In a sense, productivity comes down to the engagement of the employees which was frequently mentioned in the empirical material. The company culture was characterized by a very high sense of engagement in the early stages since the employees in general had a strong passion for technology and did a lot of work outside of working hours. As the company has grown, the general engagement has decreased. Much of this is due to the fact that passionate employees are hard to find, so eventually the company had to hire people that were not as passionate. It is also mentioned that there can be an excitement of working in a startup itself. The aim for growth generally means that things often change and that it is an unpredictable environment. As the company recently has had a high-growth period, comparatively they appear to be in a medium- or low-growth period as explained in the organizational life cycle model (Greiner, 1998), where

the factors of unpredictability are decreased. This might be another reason for the seemingly decreased engagement.

Another prominent factor that affects or is affected by employee autonomy is the freedom and flexibility of the employees. As seen in the empirical findings the flexibility of the employees was very high in the beginning whereas the freedom was somewhat limited due to necessity. According to Kador (2014) the flexibility for employees is seen as a source to creativity and in turn, success. While the findings point to the organization having a high flexibility it has decreased as more constraints have been put up in an attempt to create availability. The freedom has however grown since the inception of the organization which Egan-Wyer, Murh and Rehn (2018) means is a positive aspect as it maximizes employee potential and is natural startup reaction to an otherwise lack of freedom in a corporate setting. The freedom and flexibility within the organization appears to have started at different levels, but are finding stability closer to each other as the organization further grows.

As the freedom in the organization grows, newer employees do not appear to benefit as much as the more senior employees do in being able to present their own ideas according to the empirical findings. As Feinleib (2011) brings forward, the relationship building of meetings dissipates as everyone can not attend all the meetings as the organization grows, in this case it appears that the newer employees do not in turn get the opportunity to lift their own ideas as they are not present in as many meetings. The empirical findings does however suggest that the freedom for newer employees compared to more senior employees is primarily not structural but psychological seeing as the data shows that some newer employees perceive it harder to present ideas whereas there are few structural limitations thus arguably attributed to social or psychological factors. Attribution to these factors is further suggested as they mention that it would be easier for some personalities to present their ideas. The organization does evidently present traits of transparency which according to Kador (2014) should facilitate innovation and appears to do so for senior employees but does not seem to have the same effect on junior employees while void of structural obstacles outside of limited meeting attendance.

The major initiative that was taken by management in regards to employee autonomy is the innovation day that was introduced in order to promote freedom and innovation within the organization. The innovation day points to being an initiative to keep employees engaged and excited for innovation, this could arguably follow the ideas of Crowne (2002) in that the high engagement environment is not sustainable but requires intervention in order for it to stay alive during more developed stages. Another initiative that has appeared in the findings is the flexible work hours, going from completely free to a bit more constrained but still easily within the scope of 'flexible'. Kador (2014) recognizes the impact that the schedule can have on creativity and thus success of the organization but the organization has evidently reached a point in the scheduling that balances the aspects of creativity and availability evenly.

Found in the empirical are the recurring meetings and seminars which seems to, along with the innovation day, be an outlet for expressing ideas. These gatherings appear to be an integral part of organizational communication and transparency as the empirical material shows that every employee can no longer attend all the meetings. Furthermore these occurrences eliminate some of the barriers to information inside the organization which Kador (2014) deems to make the organization more adaptive and innovative.

5.3 Cultural Shaping to Avoid Lack of Joyfulness and Belonging

Melegati and Kon (2020) mentioned that startups could attract employees by creating an organizational culture characterized by joyfulness and for the employees to not feel constrained. By observing the responses from the interviewees, happiness seems to be an emotion that different people achieve in different ways, meaning that it is very difficult to tell if the stage the company is in affects this. Factors such as flexible working hours and social events which Melegati and Kon (2020) argue could make employees experience the startup culture as joyful are seen to some extent in an earlier stage as well as after growth, even though spontaneous social events are less common than social events planned by management. The importance of social events has also developed as the company has grown, due to the recruitment of managers that value what these events do for the organizational culture.

Furthermore, as Van de Ven, Hudson and Schroeder (1984) describe how strong relationships between employees contribute to successful startups, this is something that has evidently become more difficult after some organizational growth. As seen in the empirical material, employees found it challenging to maintain strong relationships with their colleagues when the company grew even though it differed somewhat depending on which team. At the same time, the company is still not that big which makes relationship-building easier than in larger organizations and besides that employees do not feel like they are restrained to only talking about work when they are at the office. The possibility of talking to managers informally is also something that employees find to result in good relationships with management despite the differences in hierarchy.

Diversity in the company is an aspect that is seen as beneficial for the startup culture and startups are oftentimes recruiting from other countries while aiming for international business (European Startup Monitor, 2016). The overall attitude from the employees is that the company has been open to diversity all the time since they have had employees from multiple nationalities, conveying formal information in English and welcoming several cultures and religions. There are also indications from the empirical material that the company has improved its diversity in relation to growth which could be a natural effect of the recruitment of more employees making it easier to represent more cultures. Crowne (2002) argues that the workspace in startups often simplifies rapid and informal communication which also is the case in this study. The interviewees describe how the office has been in the form of an open landscape that has resulted in information traveling quickly between employees and simplicity in talking to people from different parts of the organization. As the open landscapes will be present in the new office as well there will also be more separate rooms since the growth of the company has resulted in more disturbing noise due to more employees. In addition to that, the communication in the organization has changed as the company has grown and become more formal and information travels a bit slower. Another shift is that conversations are not as commonly used for communication as before in terms of work, while written information has become more significant.

The initiatives taken by management to improve the organizational culture by having social events could be seen as of larger importance when the company grew than in an earlier stage. Employees described how thoughts on creating a good work environment was not prioritized before and has come as an effect of managers being recruited who introduced regular social events such as winter and summer parties. In relation to Melegati and Kon (2020) arguing that a joyful work environment is a beneficial part of the organizational culture in a startup, the company can be seen to actively initiate social events that could contribute to this. As not all employees can or want to prioritize attending the organized social events outside of work, management has made efforts to celebrate even small successes in the office so that all employees are able to take part. As Van de Ven, Hudson and Schroeder (1984) mention that strong relationships between the co-workers correlates with successful startups, this is an initiative taken by the management in the company that is done in order to maintain the culture that strong personal relationships contribute to, even when experiencing organizational growth.

6. Conclusion

The purpose of this study has been to analyze how startup culture changes in relation to organizational growth in order to add to the understanding of which aspects of the startup culture that provides value or loses relevance during expansion. Through analyzing empirical material from a startup that has experienced a successful period of growth, we have gained a perception of how organizational culture can affect the inner workings of a startup which is highly related to their success. The factors that determine success are especially interesting to study in startups considering the absence of an understanding of why they either crash and burn or reach unimaginable success.

It is evident in the empirical material that the company experienced structural complications when they grew in number of employees, meaning that they could not operate in the same way as before. Efforts were made to delegate responsibility and decision making power which led to higher levels of efficiency. These efforts however, came with a secondary impact on the culture that led to people becoming more divided, less engaged and the former sense of a homogenous culture to fade. For the homogenous culture where people had closer relationships and found the work environment to be more informal to be maintained, management made certain initiatives to improve the social factor. These initiatives were along the lines of social activities outside of work where employees could spend time with each other without a work agenda. According to the employees this both improved relationships and cooperation amongst colleagues.

The company has put a lot of emphasis on employee autonomy to enable creativity and motivation among employees. There has always been a 'nerd culture' since many of the employees have a big passion for technology. This culture has faded a bit due to people without the same passion being hired. Working with less constraints was beneficial for these employees but as the company has implemented more formal roles and responsibilities over time, this autonomy was threatened. The company has made efforts to keep the sense of autonomy even as they have grown. These efforts came in the form of flexible working hours, the implementation of forums where employees can share their ideas and communicating less formally.

It can be concluded that the company naturally moves towards a more traditional organization when they have to adapt to their growth. This threatens the startup culture which has proven to be beneficial in the company, mostly due to the engagement of the employees. The company has made active efforts to maintain the advantageous features of the startup culture. It has become evident that intervention from management regarding culture is required. If management does not intervene, the cultural aspect will either fade away or become a liability. For example, personal relationships naturally became harder to maintain as interaction with certain employees became limited. The company therefore planned social activities to increase interaction. In the early stages, all employees were included in meetings and decisions which was proven to be ineffective so instead management created teams so that the right people were included, not all people. Therefore, the main knowledge contribution that can be taken away from this study is that managerial action to shape the culture is vital to keep the startup culture alive along with growth.

To further determine the impact organizational culture can have in startups it might be interesting to study a startup that has grown to the point where they have hundreds of employees and even different offices. As the startup culture largely is dependent on its limited number of employees, each step of growth complicates its survival. Further growth means even more need for structure which can be seen as the opposing factor for the startup culture. This raises interest in whether there is a point where it is not possible for the startup culture to be maintained anymore. Maybe managerial action can be so impactful that there is no limit of growth to where startup culture can not be maintained?

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