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**HOW CAN STARTUP FOUNDERS CREATE AND SUSTAIN
A HUMAN-CENTERED ORGANIZATIONAL CULTURE?**

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Abstract:

This paper studies human-centered organizational cultures in startups and the particular role of the founders in creating such by acting purpose-driven. The study is relevant because by supporting founders in establishing and sustaining a human-centered organizational culture, better business performance can be leveraged by attracting and retaining the right talent, increasing employee satisfaction, as well as fostering a purpose- and not an only profit-driven business. Based on applied grounded theory and qualitative research of in-depth interviews within the startup ecosystem, this paper suggests leadership to incorporating an appropriate human-centered cultural mindset, by frequently reflecting on six foundational human drivers, namely: ownership, meaning, belonging, collaboration, participation, and rituals.

Keywords: Organizational Culture, Human-Centricity, Leadership, Startups

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1. Introduction:

“For your culture to be vibrant and sustainable, it must come from the blood, from the soul.”

(Ben Horowitz, 2019)

People are the essential ingredient of a business, but unfortunately, a lot of leaders seem to be clueless about humans or simply do not have enough resources for organizational-culture-building, especially when launching their business. But, undoubtedly, and also emphasized by the afore-quoted Ben Horowitz, a well-experienced venture capitalist in Silicon Valley and globally known as "the Pope of Startup Culture", a strong organizational culture improves overall business performance and strengthens the brand sustainably. Living and working in an era in which especially technology and machines tend to solve most of our problems, humanity is demanded more and more in modern work environments, because we can only grow and develop through positive surroundings. Accordingly, in a professional surrounding, employees grow through their leader. Frances Frei, who was hired as the new Head of Leadership at Uber US to heal one of the most controversial discussed organizational cultures, emphasizes, that the real notion of leadership is to simply make others better. Unfortunately, many leaders do not know how or are just marionettes of superordinate forces, such as shareholders. But stakeholder capitalistic counter-movements are already underway, such as *Steward-Ownership* or the *New Work Paradigm*. By reinventing modern organizations, it becomes obvious that a human-centered organizational culture has become a vital ingredient for building sustainable workplaces, where people enjoy working and see a purpose in their daily tasks, just as it is crucial for attracting and retaining the right talent to increase overall business performance.

The researcher of this study made two very contradictory culture experiences in the past herself, in which she worked in one culture which was strong and vibrant, as well as in a toxic and demotivating one afterward. The former made her grow and flourish both professionally and personally, whereas the latter made her not only feel frustrated and unproductive but

question her entire career path. Reflecting on these experiences, it was always the founders or team leadership, that either took or did not take the ownership of being responsible for the created system and live up to communicated values, respectively. Both were formative experiences in opposing extremes, but led her to the following research question; *“How can startup founders create and sustain a human-centered organizational culture?”*

This study is based on grounded theory and applies the methodology of qualitative research, in which the findings were extracted from ten interviews with founders and culture-experts in the European startup ecosystem. Correspondingly, the purpose of this study is to help founders in reflecting on the most foundational human drivers and provide them with a set of relevant questions to shape their organizational culture. The uniqueness of this paper is to not only share the learnings from the interviewee’s experiences but also to transform their best practices into an applicable solution for founders, thereby support the startup ecosystem in prioritizing a more human-, rather than a solely profit-centered work environment.

Finally, as the following literature research and, subsequently, the interviewees’ responses suggest, founders must understand that a strong culture will eventually lead to better business performance. Everyone who becomes part of the created system will feel naturally responsible to drive the company’s mission autonomously, aligned to the overall purpose, and as a brand ambassador supporting business growth in the long-term. After the foundational human drivers that are presented in *The Startup Culture Framework*, an appropriate application regularly, and quantitative research is recommended to further customize the presented approach.

“A perfect culture is totally unattainable. Your goal is to have the best possible culture for your company, so it stays aimed at its target.”

(Ben Horowitz, 2019)

2. Literature Review

To present a prolific ground for the comprehensiveness of this study, this chapter is designed to provide the reader with a theoretical understanding of the previously presented problem: The founder's neglect of a human-centered organizational culture in startups.

After defining organizational culture as such and outlining its significance (2.1), it is presented how cultural collapses evolve through neglected leadership responsibilities (2.2) and how improvement can leverage business performance based on a well-designed culture and sufficient workforce-culture alignment (2.3). Furthermore, it is elaborated on how startups are struggling to deal with the challenges of rapid business growth as it threatens established organizational cultures (2.4). Finally, as technology represents the greatest most influential startup environment, yet is lacking focus on the human element in the workplace, new and more human-centered approaches are introduced to solve this by reinventing organizations (2.5).

2.1 The undefined role and significance of organizational culture

According to Gallup's Culture Research (2018) culture is not only unique and true to every company's own history and goals for the future but also key to unlocking an organization's greatest potential. Organizational culture has been defined countless times because its inevitable significance becomes clearer every day and, as revealed by Steelcase (2016), has been identified as foundational for business success by 90% of leadership.

Essentially, "for organizational culture to exist, there must be a definable organization in the sense of a number of people interacting with each other for the purpose of accomplishing some goal in their defined environment" (Schein, 1983). Horowitz (2019) defines employee's behavior and the way problems are solved and decisions are made when no one is looking, as a company's real culture. One way or the other, it will remain a diffusing concept because although we are able to sense a company's culture from the outside, we can never fully identify it until we have become an integral part of it ourselves (Schein, 1988).

Our rapidly changing environment requires organizations to be ‘self-designing’ systems (Schein, 1988), hence a robust culture is needed as a foundation to withstand shifting business conditions or changing strategy (Horowitz, 2019). In the everlasting debate whether strategy or culture takes a leading role for business success, Horowitz (2019) emphasizes that both do not compete but need to be coherent. Ultimately, he clarifies that culture is the strongest force in the universe because it can not only transform entire industry behaviors and social systems but also “overcome the seemingly invincible structural barriers of an era” (Horowitz, 2019).

To unlock potential with culture, it needs to be set right before it is too late because it is imperative for a company’s ability to grow (Hoffman & Yeh, 2018). In a startup, this is foremost and for the time being, the responsibility of the founder or initial founding group (Horowitz 2019; Schein, 1983). Horowitz (2019) also emphasizes that “no culture can flourish without the enthusiastic participation of its leader”, because any sanctimonious and inconsistent leadership behavior will destroy any element of a well-designed culture, no matter how carefully elements have been elaborated beforehand. Culture is what a company thrives for, build on the founder’s actions, not on the personality, but actual values – led by example (Gino, 2019; Horowitz, 2019; Hoffman & Yeh, 2018; Schein, 1983).

2.2 Neglected leadership responsibilities cause cultural collapses

Gartner’s research (2018) found that only 31% of leaders know how to get their culture to perform. Most founders set up organizational cultures based on some vague success theory that is supported by any kind of cultural paradigm or based on a culture they have experienced before themselves, but this does not necessarily mean it suits the respective system (Schein, 1983). The most detrimental flaw is a hypocritically lived culture by the founder which eventually leads to cultural consequences for the whole (Gino, 2019; Horowitz, 2019; McCord, 2018). Horowitz (2019), and Schein (1983) emphasize, that, without question, cultures are reflecting the values and personality of the leaders. Thus, it is the founder’s responsibility to

adapt when change is needed, or at least, to add personalities who can contribute with intended behaviors – otherwise, a cultural collapse is predestined (Horowitz, 2019).

Startups gain a distinctive character through their leaders and employees are therefore biased when business conditions change, but are also appreciative of the established values, because they are associated with the business' success (Schein, 1983). The key to unlocking great group performance is a common sense of purpose that needs to be set to shape a collaborative group's identity – “cooperative cultures cannot do without it” (Coyle, 2017). Essentially, collaboration is crucial and based on trust, respect, and safety, which has to be initially introduced through the leader (Gino, 2019; Schein, 1983; Sinek, 2014).

2.3 Workforce-culture alignment improves business performance

Paul Santagata, Head of Industry at Google, revealed that the highest-performing teams are valuing ‘psychological safety’ as their most important resource and stated that “there is no team without trust” (Fosslien, 2019). Also, there is no sufficient communication without trust, and people only start to care about an organization if they feel fully aligned with the ultimate company's goal, which is, in turn, a matter of continuously context-setting to leverage high performance (Horowitz, 2019; McCord, 2018).

Research indicates that employees and teams who have a high culture alignment performed by up to 9% better and that a continuously higher performance on internal metrics was measured when a higher workforce-culture alignment was given (Gartner, 2018; Gartner, 2018)). However, a great culture and overall sufficient goal-alignment will not guarantee a flawless strategy or eliminate an ominous competitor, but it naturally will help organizations to do better (Horowitz, 2019). This is not without reason: today's success does not depend only on infinite grit but on “the broaden-and-build mode of positive emotion, which helps people to be more curious and confident, resulting in greater psychological resources” (Delizonna, 2017; Duckworth, 2016). Finally, this new 21st-century system of safety-driven positive emotions has

become a well-received natural source for employees to be more resilient, mentally strong, and persistent, resulting in better overall business performance (Delizonna, 2017; Duckworth, 2016; Gartner, 2018; Laloux, 2014).

2.4 Growth is the greatest challenge for company culture

Lyons (2018) emphasizes that the “grow-at-all-costs business model makes employees miserable”, and it is obvious that companies will not be able to satisfy their customers with unhappy employees (Horowitz, 2019; Laloux, 2014). Thus, to ensure a well-performing growing organization, it is not enough to only know what kind of culture is needed but to fully understand every element of the current one and whether it needs to be adapted for sufficient future growth (Gartner, 2018). Horowitz highlights that “culture must evolve with the mission”, meaning that culture is not a mission statement that is set up once and lasts forever, but rather “a code that manifests itself as a vast set of actions taken over time”, which can be a challenge for rapidly growing tech-startups (Horowitz, 2019).

Growth transforms communication into a big challenge for organizations and most likely creates a culture-hodgepodge with an increasing number of employees (Horowitz, 2019). But if a culture has been manifested as a group’s identity, it will not be as easy to take down its defense mechanism only because externalities start to disturb core virtues and long-established methods (Schein, 1988). Culture continuously reprograms itself when new members enter the group and contribute with their personality and values (Horowitz, 2019; Schein, 1988). Schein (1988) clarifies that any socialization process starts when new hires are selected who already bring a set of values that align with those of the organization. Consequently, it is crucial to involve a dedicated Human Resource role early enough to not risk growth ultimately derailing the business because culture-creation was not initially emphasized (Hoffman & Yeh, 2018).

An organization’s identity, beliefs, values, and the way the members handle business operations and interact with each other and customers, is manifested as accumulated learning

throughout the company's history and therefore, naturally passed on to newcomers (Schein, 1988). Thereby, a new hire's onboarding is equal to a first cultural orientation and it is crucial to understand that the first impression of culture is almost impossible to reverse (Schein, 1988). Consequently, if an entry process is carried out accidental, so is the respective culture (Horowitz, 2019). With a growing number of employees, the emergence of sub-groups, i.e. sub-cultures, is a natural outcome but important to notice, because also dissonant elements will emerge (Schein, 1988).

2.5 Particularly tech startups lack focus on the human element

According to Lyons (2018) "we have entrusted tech companies to solve everything for us, and while techies in Silicon Valley are wizards with chips and code, they can be clueless about humans". The problem with tech startups is their invincible skill to scale at a rapid speed at low cost, which, in turn, results in burned-out people because shareholder capitalistic environments prioritize financial return over employee's well-being (Lyons, 2018; Steelcase, 2018; Purpose, 2019). In short, shareholder capitalism is treating humans like disposable widgets instead of their most valuable resource, and Silicon Valley is executing this defective philosophy in new extremes (Lyons, 2018). It is challenging to build new products or services that meet the needs of a competitive market and even more difficult to build something that will scale sustainably, but if employees do not feel aligned with a company's purpose and are rather burned out, engagement levels go down substantially, and so will the business (Fosslien, 2019; Gallup, 2018; Horowitz, 2019; Royal, 2019).

Particularly Millennials will tend to have a dozen different jobs on average throughout their lifetime, resulting in shorter employment cycles (Gallup, 2016). Consequently, employers of the 21st century need to become creative to retain talent as long as possible and build workplaces where people are proud to work and help to strengthen the brand by referring it to their peers (McCord, 2018). In the end, as Horowitz (2019) highlights, former employees will

not remember the perks, awards or press releases, as well as dazzle product details of the company they used to work for, but they will never forget how it felt to work there or whom they have become through that particular work experience.

Hence, the imperative nature for prioritizing human spirit at work has engaged organizations to utilize digitalization to create an “employee-centric workplace through freedom, passion, growth, and purpose” (Bergmann, 2019; Gallup, 2016; Laloux, 2014). This ‘New Work paradigm’, essentially introduced by Frithjoff Bergmann (1990), focuses on creating a new culture by being less wasteful, more humane, hence, more cheerful and ultimately resulting in more effective and profitable organizations (Bergmann, 2019; Laloux, 2014). Harnessing technology more as assistance to strengthen people by the core and providing them with more freedom, results in less micro-management (Laloux, 2014), thus makes the business performance more effective. In the end, “people become the culture they live in and do what they have to do to survive and thrive” and this is their guide to those daily decisions, which ultimately accumulate to a higher sense of purpose (Horowitz, 2019).

Summarizing it is obvious that main human drivers in the work environment are known for a long time, but it also becomes clear that founders today still, and especially in the tech-startup-environment, struggle to deal with people-topics. Yet, they cannot avoid the fact that they are responsible for culture and while shareholders keep putting pressure, stakeholder capitalistic movements are convincing the talent market to be significantly more demanding, and harder to attract or retain. Although startup founders might be risk-lovers as well as confident and well-connected personalities, they tend to be overwhelmed by responsibilities and are not experienced enough to lead people. But particularly as cultural bodies, they need to be able to understand their employees, to grow them. Thus, the following qualitative research gets in close contact with good and bad organizational cultures, to eventually help founders shed light on the most relevant human drivers, hence shape their human-centered workplace.

3. Research Methodology

This study is based on a qualitative research methodology, using both judgmental and snowball sampling, with selected interviewees as experts in the startup ecosystem, who are either founders or working in leadership positions, originating from a business, human resource or psychological background. The sample has been selected based on their relevant backgrounds and experiences in the startup ecosystem. All interviewees are either living or/and working in the three main European startup hubs; London, Berlin, and Lisbon.

For this inductive approach, following the procedure and principles of grounded theory, semi-structured interviews were conducted with an open-ended format and a projective data collection technique, resulting in dynamic analysis of direct interpretation of the responses. The nature of qualitative research is based on consecutive non-linear iterations of data collection and analyses as forecasted by this approach, which enables different design processes (O'Reilly, 2016; Myers, 2013).

Under declaration of consent and the purpose of this study, the following themes were addressed in the in-depth interviews: Definition and significance of organizational culture, the associated founder's responsibilities, culture as performance booster, challenges of growth, the human elements on professional level, stakeholder- versus shareholder capitalism, psychological patterns and personality structures in business, new work paradigm and, finally, respective key activities to build a strong culture. Subsequently, the interviewees shared their thoughts based on their reasonable beliefs and experiences, either through a personal meeting, a phone or a skype call. The final number of ten interviews was sufficient enough to attain a state of information saturation, where no further substance was possible to extract.

4. Research Findings

In this chapter similar patterns are revealed, explaining how the interviewees envision a human-centered organizational culture based on foundational factors. The research findings eventually lead to the identification of several human drivers that explain and influence the code of culture in a startup, namely: taking ownership of creating purpose-driven leadership (4.1), an environment of belonging as prerequisite based on trust (4.2), and the collaborative key activities that leverage a strong culture, thus a competitive strategy (4.3).

4.1 Taking Ownership of Creating Purpose-driven Leadership

To drive future business strength and growth, the interviewees agree that the questions of ‘why’ and ‘what are we doing this for?’ should be elucidated initially, because the organization’s purpose determines the necessary key activities, which, in turn, will help a company to get closer to its goal through collective participation.

Adrian Hensen, the co-founder of the *Purpose Foundation* in Germany and graduated Business Psychologist, emphasizes that “it is the position of purpose where it all happens, based on ownership, which fundamentally affects everything we do”. Together with his brother and two co-founders, they are transforming companies into steward-owned organizations so that they can “incorporate accountability, mission integrity, and lasting independence into their ownership structures by enabling them to protect their values regarding the environment, society, and their employees in their legal DNA”. Adrian Hensen’s brother and co-founder, Achim Hensen, adds, that organizational culture is heavily misunderstood because people think that culture can be just baked and designed. “They talk about culture as if it could be directly influenced, hence a logic of cause and effect, but I don’t believe that” (Achim Hensen). Essentially, we need socially legitimate and competency-based hierarchies, instead of formal and strict ones to leverage culture (Achim Hensen). Joana Barros, co-founder of *ungapyear* in Lisbon, claims purpose-identification as crucial to have a strong and collaborative group.

Moreover, it is not only the purpose that is anchored in ownership, but also the question of power and by that bottom line, leadership, and both undoubtedly characterize a company's culture (Adrian Hensen). The other interviewees agree strongly with Adrian Hensen when he outlines that "an organization can only develop itself like the people in the leadership, however, it is defined and applied in the organization" because, without question, leadership is influencing culture. David Rheinbay, the co-founder of Beat81 and Business Graduate, suggests that a culture needs to be initiated top-down as early as possible and then continuously reinforced by leadership. Former manager of Uber Europe and Business Graduate, Rui Bento, agrees that the direction of culture is set by the first couple of people in a team. "When I was working at Uber in a mesh of teams distributed all over the world, it was obvious how each of them had the power to create those miniature corporate cultures around them. Within every team, you could clearly detect who had established the culture there initially, because the team members reflected the personality of the respective leader. People tend to conform to cultures, so leadership cannot ignore the fact that they are the main driver" (Rui Bento).

Steven Ebbers, Entrepreneur Coach and Business Psychology Graduate in London, agrees, that it starts with leadership: "Funnily enough, I think it starts with actual listening, so as a leader you have a responsibility to not only listen to the ones around you but also to yourself to understand the values you are bringing to the table, which eventually shape the culture" (Steven Ebbers). Florian Hoppen, Business Graduate and Expert in Individual Psychology in Germany adds that "the single most important role of a leader is to take responsibility for the created system. And in case there is a systematic problem, we will not have to look for it for very long. A river always springs from its origins. To everything, there is a clear solution that nobody wants to hear: ownership and self-responsibility. Simply understanding what part of the bigger problem your personality responsibility is, makes a huge difference".

Rui Bento also stresses leader's blind spots as critical by exemplifying his experience in leadership: "We had a very tight-knit group at Uber and worked very closely together, which

sometimes made it harder for somebody to join and be accepted by this group. Being an introvert, this was clearly a blind spot for me. I only became aware of it when a new team member directly feedbacked it to me. Clearly, it was one of my blind spots, which everyone has regardless, but this shows that also leadership needs empathetic feedback and since your blind spots unconsciously play into your personality, these will be manifested unnoticeably in your team's behavior. Hence, by being aware and always turning on the radar to detect respective situations early on, you can learn how to prevent cultural flaws in the future".

Thus, it depends on how they are living the culture within the organization, outside of it and with themselves. Achim Hensen agrees by emphasizing that "the ones who start a system are strongly influencing the culture - as a culture could be seen as a company's memory. Even if new influencers can and will emerge - independent of formal hierarchy". But every leader's limited abilities to influence the organization need to be considered due to superordinate forces, mostly in the form of ownership/shareholders (Adrian Hensen). David Rheinbay and Adrian Hensen both conclude that the system is massively affecting leadership, hence culture. Consequently, "leadership is only possible in the corset of ownership" (Adrian Hensen).

Elaborating on the former, Maddy Cross, Director of Talent at *Notion Capital* and Business graduate in London, emphasizes that a consistent culture that aligns well with the genuine values of the leadership team will usually create a successful strategy. Thus, overall goal-alignment is crucial, which is also strongly suggested by Joana Barros and David Rheinbay. Steven Ebbers adds that "culture has rules and needs purpose-aligned rituals – there is no way without". One widely used form of rational goal alignment is the framework of *OKRs* (Objective & Key Result), which is well-documented and has a proven record of success (Maddy Cross). *OKR*'s help to set a strategy and goals for a specified amount of time for the company and teams, to provide a reference for the outcome of the execution of the respective objectives by the end of every period. Although this not particularly a culture tool, it is a similar

concept that proves the effectiveness of alignment, because purpose-driven and empowered employees tend to come up with their own, more aligned ideas, to solve problems.

Sven Wissebach, the co-founder of store2be and Business Graduate in Berlin, highlights that people and culture are so important, because “especially as a startup you do not have much in the beginning, so you need an outlined culture to show your people a direction or path that we want to go together” (Sven Wissebach). With their startup, Sven Wissebach and his co-founders have been rewarded repeatedly as a top employer in Germany and he affirms that it is mostly their culture that has been keeping them strong throughout the last four years. He also quotes Ben Horowitz with “People, Product, Profits – in that order” to stress their leadership philosophy, which is also supported by Florian Hoppen, who emphasizes that “if a founder has not understood that people are the essential ingredient for a successful business, he is neglecting his very own humanity. It seems that people aim to distance themselves even further from their inner personality setup and try to transform into some kind of human-robot” (Florian Hoppen).

4.2 Environment of Belonging as Prerequisite Based on Trust

“If we wouldn't have functioned as a group in the past, we wouldn't have made it. So, the most important feeling - hence driver of behavior - is to belong to a group and to have a justified spot in this group for which it makes a lot of sense to contribute” (Florian Hoppen). Hence, in definition, culture is a hotchpotch of people's everyday actions – a space where people come together to collaboratively work on a purpose (Adrian Hensen). For that, people need trust, “so that everyone knows that they do not have to be stuck” (Joana Barros). Also, David Rheinbay introduces ‘building trust’ as one of their cultural key principles, which is supported by both Steven Ebbers and Florian Hoppen, who see trust and safety as the main requirements to flourish within a group.

Rui Bento reflects on his experience of working in an “exceptionally great team culture” at *Uber* Portugal, which was not necessarily the case in all the other *Uber* offices. “*Uber*'s

corporate culture has been widely portrayed as toxic, but I do not agree with it when thinking of our team. I enjoyed working with each one because we had such a strong bond. We had this amazing ‘together we are unbeatable’ ethic in which people were true friends, mutually respected and trusted. This positive and committed environment, as well as this genuine admiration, enabled us to heal after every hurdle” (Rui Bento). Francesco Rocca, the European Representative of Impact Hub based in Lisbon, classifies openness and accountability as crucial elements, also based on a previous-made experience where he was still subjected to leadership. He recounts how the previous leadership entirely deprioritized culture, which ended in harming not only the team but also the overall community-feeling in the hub because members did not feel in a trusting and collaborative environment anymore.

Working for a business that depends on the community, Francesco Rocca reflects: “I think culture is such an intangible thing for the team, but then it becomes very tangible for the customers”. Elaborating on that, Florian Hoppen claims the increasing rational thought structure as most detrimental in business today, because it decreases people’s willingness and ability to see factors that are driven by emotions. “Numbers are just easier to measure than human behavior, but at the end of the day, an organization is nothing else but a group of people, coming together, with each of them having another behavioral structure. Based on these structures, we can get a mixed calculation on which behavioral mindsets will be dominant, and thus, can predict which cultural challenges we will most likely encounter in the future. It’s as simple as that” (Florian Hoppen). He concludes that we are in a cultural crisis, which increasingly aims for trust and psychological safety, especially since people have started to believe more into their peers than in the vertical alternative, their leaders (Florian Hoppen).

Bearing that emerged cultural shift in mind, most startups are introducing their culture as ‘being part of a family’ to offer a safe space, but this analogy has been criticized a lot recently. “The family-analogy in many cases is just horrible, and unfortunately in many cases, it is just a pure lie. Families form along with a sense of belonging; organizations form along with a

purpose. If the purpose or at least the top priority of operation in an organization is to stay together, ok. But in many cases where the analogy is applied, it is just not true or living up to the operational behavior.” (Adrian Hensen). Steven Ebbers claims the family analogy as “unhealthy and fake”. To him, family means unconditional love and ties that cannot be broken, which is nothing to be set equal to a healthy workplace. Based on his own experience of being a professional hockey player who competed on an international scale for years with his team, Steven Ebbers suggests to rather work with a ‘sports team analogy’, in which people can not only find belonging but ties can also be broken if necessary, to leverage performance. Florian Hoppen emphasizes that the lack of ownership nowadays can be found everywhere, so people like to call themselves part of a family at work only to disclaim responsibility. “The family analogy in startups is not honest, because they are confusing belonging with family – what they, and here I mostly mean Millennials, are talking about, is solely belonging.” (Steven Ebbers).

Millennials have transformed into risk-lovers but only because they grew up in a safe space, thus, they have that constant in life which is psychologically crucial for every human being (Sven Wissebach). Florian Hoppen agrees by outlining the nowadays released capacity for self-realization because, practically, we are able to survive on our own now. But, as in contrast to their parent generation, security has become a Millennial’s subconscious prerequisite to flourish. Yet in times of change, when adaptability and flexibility are strongly needed, Millennials are still the preferable human resource for startups because they are a shapeable mass that does not get tired of change as quickly (Sven Wissebach).

Finally, Maddy Cross concludes that we should aim to work in an ‘aligned culture’, meaning that everyone in the organization thinks the culture is great but accepts that it isn’t for everyone, because “having a ‘great culture’ means so many different things to different people”. Consequently, it is important to understand the reasonability behind people not identifying with values, even if they are great talents, but then they should either not be hired initially or resolutely laid off, in case they do not leave on their own (Maddy Cross). Also, when creating

those values, “leaders need to learn to not just communicate values that sound nice and apply to their organization, but they also need to learn to live up to those values they preach themselves” (Florian Hoppen).

4.3 Competitive Strategy as the Outcome of Strong Culture

Culture beats strategy is a widely discussed quote, but the interviewees clearly perceive a successful strategy or day-to-day mission as an outcome of a well-aligned and strong organizational culture. They clarified suggested steps for leadership to leverage a sufficient strategy based on culture, and what should be avoided.

Thereby, Adrian Hensen emphasizes that it starts with the essential problem of objectifying organizations, hence cultures, and subsequently people. First, leadership needs to understand who their employees really are, which requires listening, and most importantly, involving them in the whole decision-making process (Steven Ebbers). This form of social contracting will not only trigger an individual’s intrinsic motivation but encourage an entrepreneurial growth mindset because the leader’s points becoming theirs, results in collaborative business development (Steven Ebbers). Joana Barros supports the importance of the mentioned growth mindset and emphasizes that she increasingly values a ‘Yes, how?’-mentality, especially because she believes in the effectiveness of empowering people to make decisions. Steven Ebbers clarifies that leadership needs to especially offer time and patience. Adrian Hensen emphasizes frequent and very thorough feedback processes to provide quick impulses between people and the organization, so the energy is transformed as early as possible.

Steven Ebbers highlights that “a good culture is a minimum requirement for a strategy to work”, as well as Florian Hoppen, who claims strategy as “the analysis, whether or not a company has developed a customer-centric mindset, meaning that the degree of understanding of the real problem is the most important part to develop an applicable solution” (Florian Hoppen). Accordingly, a well-established culture ultimately determines the customer-centric

mindset, because it is the ultimate willingness of each one involved to contribute and think alike in solving the customer's problem. "You cannot separate the hard factors from the soft ones and that is why you cannot separate culture from business as well" (Florian Hoppen). Rui Bento agrees that nothing just falls together, neither in business nor in culture, and if this is expected, things will fall together in the wrong places. "It is generally hard to correct mistakes you made with culture because it will definitely leave a mark on the organization" (Rui Bento).

Moreover, repeated clear communication, as well as uniform processes and tools are crucial to leverage a sufficient organizational culture, as emphasized by the interviewees. Sven Wissebach and Maddy Cross both point out that communication is the base of helping people to understand their role better and as soon as they do, they will not only align with the company's goal at a maximum but also naturally speak highly of your organization. Thus, they become brand ambassadors, who are purely driven by their own convictions and want to keep developing their role or the company's product or service continuously (Sven Wissebach). Elaborating on that, David Rheinbay emphasizes that autonomously working employees are much more lucrative in the long run, which will also please the shareholders since they are most interested in performance and see culture as a necessary hygiene factor. "In case a company is able to establish a culture right from the beginning, the employees are able to create their own autonomy, thus, need significant less micromanagement. Then, one weekly catch-up is enough to get everyone on board with the current direction" (David Rheinbay).

Also, Achim Hensen claims naive self-management as one of a startup's most valuable assets even if they mainly follow their intuition, thus he advises startups against adapting to big corporations to embed traditional structures without reflection. "Rather try to build on the naive self-management to make it explicit and scale it, then build a fitting structure based on that" (Achim Hensen). Moreover, Francesco Rocca suggests frequent skill-mapping exercises with the whole team, to both reveal available skills and prevent leadership from "just finding new roles for people, when it should be the other way around". Florian Hoppen highlights: "Some

kind of HR-role has to be part of the initial founding team, but, unfortunately, most companies do not understand that well enough nowadays”. Finally, Rui Bento emphasizes that especially person number three, four, and five needs to fit, because the sooner the more critical they are for your culture, hence future business success. “As you grow, your work becomes more and more about people. If you have the right set of people, who are doing the right things at the right time, most of your job is actually done” (Rui Bento).

Creating and sustaining a strong human-centered organizational culture is hard and requires a lot of intrinsic diligence, but as the interviewees suggest based on their various experiences, it is possible. Most advisors or guidebooks lack reality references and a coach or training is simply not affordable for startups; thus, a more attainable solution is needed. To help founders, and in later stages leadership, work with the most relevant human drivers to shape their culture more human-centered, foundational dimensions were extracted from the interviews. As a frequent self- and companywide-assessment practice these dimensions are consolidated in *The Startup Culture Framework*, which will be introduced in the following.

5. The Startup Culture Framework

To answer the research question, *The Startup Culture Framework* was developed, to guide founders through establishing and scrutinizing their human-centered organizational culture, by reflecting on foundational human drivers. This will help them to increase employee happiness, improve business performance and strengthen the brand sustainably, but also to cure and prevent cultural collapses. In this chapter, the most elementary human dimensions are outlined (5.1), followed by the visualized framework and corresponding questions (5.2). Finally, an appropriate and frequently applied scope is suggested (5.3).

5.1 Foundational Dimensions

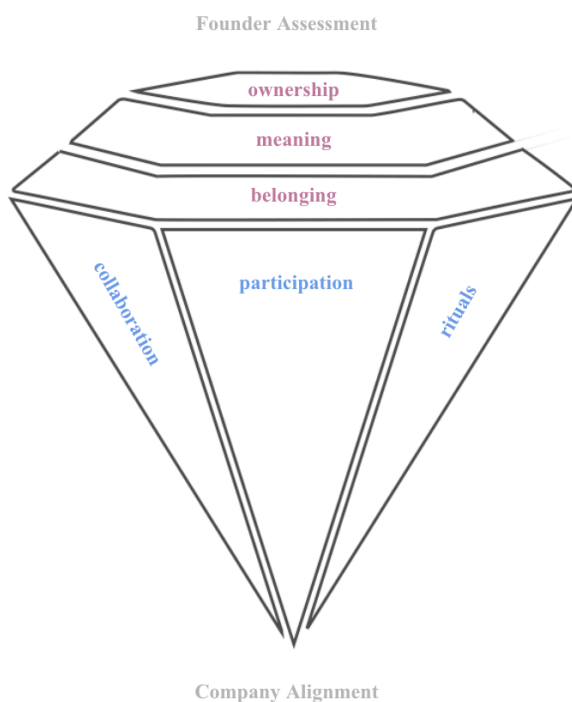
As mentioned in the Literature Review and further elucidated by the interviewees, the bodies initiating organizational culture are the founders, hence the main condition is to be aware of one's own personality and behaviors when launching a startup because their personal characteristics will be reflected and lived in the organizational culture. Thus, taking *ownership* of the responsibility to shape and sustain a created system, forms the elementary core. At the same time, system owners need to define the *meaning* and an intrinsic purpose to clearly answer the question of 'why?' and 'what are we doing this for?', otherwise a goal-misalignment will cause cultural collapses, at the latest when the startup starts growing. *Belonging* to a group, where people feel psychologically safe and mutually respected, to flourish and be driven by good intentions, is an inevitable requirement to create and sustain a nourishing environment.

However, a strong fundamental core, constructed of overall ownership while being connected to the meaning and purpose of a created system, and a safe environment of belonging as a layer, will not be sufficient without the aligned key behaviors to keep a group together. Thus, to complete the framework, a set of additional dimensions should be considered: a *collaborative* environment of social-interaction, a system of intrinsic-driven *participation* and empowerment, as well as *rituals* to tangibilize and repeat the common sense of direction.

As a result, the group members will feel empowered through clear involvement in the decision-making process, which will trigger independent and autonomous contribution. In turn, less punctual micromanagement is needed, resulting in an establishment that consists of an autonomously working group that is motivated simply by common values and beliefs, which are organically aligned with the overall company goal. Having the dimensions successfully complied, does not only provide a clearly and defined role for everyone in the company but helps to represent an organization's purpose and common language inside and outside of it.

5.2 Visualization

To provide a clearly applicable framework, the aforementioned dimensions are jointly visualized in a diamond shape, thus presenting it as an organization's most valuable possession when "it gets polished regularly". The core of *ownership*, *meaning* and *belonging*, meets the necessary behaviors on the same level of *collaboration*, *participation* and *rituals*. It is important to mention, that no cause and effect relationship is supposed to be indicated, rather a construction of dimensions that mutually influence each other individually. Ultimately, it can serve as an overview of what is working well and what needs to be improved in the future but only by a thorough assessment regularly.



Ownership:

- Is every role clearly identified?
- Do we feel responsible for our part of the system?
- Do we know when to take responsibility?

Meaning:

- Do we like and identify with our values and purpose?
- Do we represent a uniform vision in and outside of the company?
- Do we feel intrinsically motivated by our mission?

Belonging:

- Do we feel mutually respected and genuinely admired?
- Do we work in a psychologically safe space and trust each other?
- Do we feel understood and heard by our team members?

Collaboration:

- Do we get mutually involved and do we feel supported?
- Do we offer help to everyone around us?
- Are we interacting on a common but intuitive ground?

Participation:

- Do we feel empowered to make decisions independently?
- Are we acting equally committed and dedicated?
- Do we all identify with our problem-solving approach?

Rituals:

- Do we think our current rituals make sense?
- Are our tools helping us to effectively create value?
- Do our structures and rules still enable us to work autonomously?

5.3 Application

The first step happens in the meta-level "Founder Assessment", which refers to the self-reflection of the culture bodies because every trait will reappear as the culture's personality eventually. To learn more about one's own values, strengths, weaknesses, and blind spots, external feedback of friends, family or even the co-founders is crucial. When the initiators

practice thorough self-reflection regularly, they can build a fruitful base for finding complementary personalities which will then most likely strengthen the company culture.

When a strong base exists, founders or in later stages leadership can proceed to the diamond, the culture dimensions: As presented above on the right side, each human driver entails three questions, in a ‘Yes/No’-format, to easily determine if the respective element is currently an up- or downside for the organization i.e. if it helps or harms the group. Whenever dimensions become a downside, e.g. if at least two of three questions are answered with ‘No’, it needs further elaboration. This is the “Company Alignment” located in the meta-level below the diamond, which means to improve respective drivers through tailored training or tools.

Ultimately, the goal is to improve the downsides, appreciate and keep track of the upsides. In this first version of the framework, the questions are exemplary, to serve a wider range of organizations, thus are held generally applicable. Undoubtedly, no organizational culture can be just created and sustained without being reviewed and aligned on a regular basis. Human beings need a constant in their life, accordingly also employees like to conform to their work environment, thus cultures need to be steered. What is needed is a trustworthy leadership, which is not only well-structured into socially legitimate and competency-based informal hierarchies but also lives up to the communicated values and structures.

Summarizing, the conditional assessment and overall alignment are connected through the company’s purpose and the respective key behaviors that are necessary to live up to this purpose. To assess and extrapolate the state of the dimensions as a functional overview, the questions need to be evaluated frequently. Whenever a downside cannot be solved on a company-level, the framework suggests a re-assessment of the cultural bodies to find problems that might be initiated through the founder’s deeper mindset and traits.

6. Implications and Future Recommendations

The Startup Culture Framework can be of great importance to help founders outbalance the prioritization of business development and employee retention. As a likely outcome, founders will feel more empowered to handle people-topics, thus will reduce neglecting emotional ones. In the future, it is envisioned to transform the framework into a software tool to not only make it applicable for the tech-savvy generation but also to leverage the manifold inserted data through Artificial Intelligence for customized suggestions for improvement, such as tools, tailored training, and coaching. Further, a digital tool can support the observation process with color-coding schemes, as well as reduce paper waste and emphasize its importance as part of a regularly used toolbox. Furthermore, a globally used platform enhances both data density and network effects. As a next step, a quantitative assessment with multiple startups could not only help to determine whether there is a product-market-fit but also which types of organizational cultures need to be served to further customize the set of questions.

6.1 Limitations

The findings have limitations due to the nature of qualitative research, which entails subjectivity and researcher-induced biases. Also, the applied methodology of the *grounded theory* requires the researcher's creativity on top of the detail. While quantitative research tests stated hypotheses through statistical and numerical methods, qualitative research analyses people's inner beliefs to understand their motivations, which is necessary within the social context and newly identified and not yet experienced business field (Myers, 2013).

Further, and for the purpose of this study, only the startup ecosystem was examined to the previously outlined extent, without incorporating established corporations, although they need to mutually scrutinize human-centered organizational culture. Lastly, the evolvement of digital nomadism which entails a rapidly increasing number of decentralized teams, hence can have a strong impact on a human-centered culture, was not considered due to a limited frame.

7. Conclusion

The purpose of this study was to help startup founders to create and sustain a human-centered organizational culture by supporting them in selecting relevant human drivers, provided as The Startup Culture Framework, to shape their work environment towards a more sustainable and human-centered place. With the introductory quote, one of the most heard voices in the startup ecosystem emphasizes, that for organizational culture to be vibrant and sustainable it needs to reflect humanity within an organization. Also, the grounded theory and the interviewees suggest reinforcing human-centered and purpose-driven cultures to have a healthier work environment, thereby a better and more sustainable business performance in the long-term. But most startup founders struggle to emphasize and prioritize it due to superordinate forces in the ecosystem. Thus, this study has been conducted to assist founders in self- and team-assessment along purpose alignment with a framework that consolidates the researched crucial human, namely: ownership, meaning, belonging, collaboration, participation, and rituals. Finally, founders, and in later stages, leadership along with their teams, are guided based on fundamental questions to extract an overview of what is working well and what needs to be improved in their current cultural state, to cure and prevent possible culture collapses in the future.

„Culture begins with deciding what you value most. Then you must help everyone on your organization practice behaviors that reflect those virtues prove ambiguous or just plain counterproductive, you have to change them. When your culture turns out to lack crucial elements, you have to add them. Finally, you have to pay close attention to your people's behavior, but even closer attention to your own. How is it affecting your culture? Are you being the person you want to be? This is what it means to create a great culture. This is what it means to be a leader “(Horowitz, 2019).

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