BUILDING COMPANY CULTURE AND ENHANCING PRODUCTIVITY IN STARTUP ENVIRONMENT

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Abstract

The current paper examines the fundamentals of the organizational culture and highlight the major variables of the successful one. The author tries to identify the key differences of the startup company and the corporation business culture. There are differences in building startup organizational culture as this process requires clear company vision, defining short-term goals and find the employees who have the cultural fit and similar mindset. The paper also emphasis of the importance of successful recruitment process and finding the most talented people to build positive, innovative, and supportive organizational culture.

Key words: *organizational culture, startups, productivity, effectiveness, organizational behavior*

1. INTRODUCTION

There are plenty of definitions what exactly the company culture is and how to build in the organizations. During the last years organizational culture become one of the key success factors for employee retention, satisfaction, and productivity. Overall, organizational culture is related with organizational norms, values, beliefs, and the influence of the organizational variables for each employee.

In the business literature organizational culture and organizational climate are used as synonymous. We believe that there is still difference between the definitions and the organizational climate is related with the employees 'feeling and perception of their wellbeing in the organization. In this regard, we believe that the startup culture is different than the established organizational culture in big corporations. Usually the startup climate reflects the personal mindset and passions of the members. We believe that this is also due to the smaller size of the startups in comparison with bigger organizations and everyone have power impact of the overall culture. In the same time, in startups due to the demand to grow and hire the best talents they usually put the employees in center of their growth, while the situation is different in the bigger companies. This leads to companies with great work-life balance and additional benefits.

2. FUNDAMENTALS AND COMPANY CULTURE' CHARACTERISTICS

Organizational culture is built by the concepts, beliefs and behavior which lead to unique set of variables in business organizations (Hatch, Cunlifee, 2013). Schultz and Ravasi (2006) mentioned that organizational culture is based on common assumptions and guided behaviors (Ravasi, Shultz, 2006). This set of collective patterns lead the new members of organization to nonformal rules of perceiving, feeling, and processing information in the organizations (Schein, 2004). Schein is one of the first authors who noticed that there are different cultures and subcultures in the organizations (Schein, 1992). Usually big corporations have their own company culture, but in some units of the organization conflicted subcultures could be find. Flamholtz and Randle (2011) defines the approach in which the organization could be viewed as corporate personality. There are different values, beliefs and norms which affect the behavior of organizations 'members. Organizational culture influence how people react, how they interact and share knowledge within organization and do they have collective values and beliefs. On the other hand, in the startups and tech companies we could define organizational culture as consisting of the vision about the product, the technology and the market, and even managements styles (Flamholtz and Randle (2014).

Company culture is usually represent by three major areas (Tharp, 2019) – **espoused values** – those presented by the owners and founders; **observable artefacts** – psychical surrounding, office premise, technologies and products, clothing style, rituals and myths; **basic assumptions** – usually unconscious – processes, actions and attitudes. Some of the researchers claims that the company culture is the "glue "that build and hold organizations together while other believe that the culture provides direction.

Each company is different and there are no similar startup company to other. The company culture it is the vibe and the personality of the organization and employees. By its nature it consists of the values, the norms, the vision, and the management behavior. Heinz (2019) noticed that about 70 % of all startups have a "cultural chasm "around 3rd or 4th year of their existence. Long-term employees notice a significant, negative change of the organizational culture in comparison with the early days. In order to avoid such negative trends its important for management to lead the process of detailed definition of the existing culture and have the idea about core values. This is the usual path of change for each successful organization moving from startup to middle-sized company. In the same time, building organizational culture is crucial for startups and building strong leadership team.

The first important step is to **define the mission of the company**. The mission is the backbone of the business, the real purpose for building the company. The owner should think about what kind of company he wants to develop, how he would like to benefit the customers and what are their long-term goals. The mission answers the question who the organization is, how they intend to do the business and what is important for them. The company mission should be clarified before its start-even more this is the first fundamental step in building successful entity.

The next step **is related to definition of the core values in the organization.** What are the long-term goals, what is the desired behavior from their employees, how they will serve the clients are part of the important questions? These types of question will help to see the difference between the companies and what makes company unique. We believe that this step is crucial for the organization success, nevertheless the stage of growth of the company-startup or well-established corporation. Learning from the experience will help to find the most appropriate way for company's development and define the most suitable company values.

Delivering and communicating company vision and culture with the employees will help them to contribute to develop them. The management of the company should ensure that they spend enough time with everyone and translate the company mission and vision into small chunks, actions, and goals. Being on the same page helps employees to have positive behavior and contribute to achieve the bigger broader goals.

In the same time entrepreneurs highlight that one of the most challenging tasks after establishing the new company and define the budget frame it to identify the key factors of the company culture. Maintain the company culture is a process and the culture are living entities. Culture should be monitored and mainlined and changed if necessary. Culture is defined and established by leaders in the organization, adopted and maintained by the employees and observed by the HR team. To set the vision and mission statement is only the first step, while second is to shape the desired organization behavior. Culture is not something preliminary defined and just followed but it is a live process especially n the startups where the company grows and change. The company should be reinforced by value-based actions. Leading by example support the same behavior in team members and build culture of loyalty and trust between management and team members. A lack of trust is usually crucial for the company success, increase negative attitude and behavior and lead to higher attrition rates.

We strongly believe that building successful company culture is strongly related to the recruitment process and the preliminary defined characteristics of the applicants. Once the mission and vision are set the goal of the HR and leadership team should be to find and attract the most talented people with the proper mindset. This is imperative in the recruitment process and should be carefully observed by the recruiters. During this process it important for the new employees to understand the needs and requirements of the applicants and try to give them a real perspective about the organizational culture in the company. The mission of the recruitment process should be hiring employees with similar mindset, mission, vision, and values as existing ones in the company.

Leading by example is not just a statement but an action which is enforced by the positive behavior of the leaders. When the employees follow and replicate such behavior, they should be positively reinforced. Recognition and rewarding are another major factor is for employees' satisfaction and motivation. The recognition could be organized in many innovative platforms – online in specific intranet forum, into social channels or with special prize or reward on a regular meeting. Rewarding employees is also related with the idea of career development and career path in the organization. The company vision should be promoting people from the organization always when is possible. Promoting people internally is crucial for the long-term satisfaction, better employer branding of the company and decreasing of cost-per-hire.

In 2013 Coleman in analysis for Harvard Business Review defines six successful components of the company culture (Coleman, 2013). The first important component is **vision.** Successful companies start with company vision and mission statement. This help customers to be more oriented in the purpose and goal of the company, and employees to evaluate do they have same values with the company. **Values of** the company are the second fundament of successful business. Values are helpful for orientation in how the process are communicated within the company, how the employees should serve the clients and set some guidelines for appropriate behavior.

The **practices** of the company highlight the importance of values. If the company has a statement that they invest and value their people, the company should have appropriate practices to prove that. The company could have flat structure, encourage non-formal communication, enhancing budget for training and development. Whatever values and beliefs are the organization they should be reinforced in visible criteria and policies. **The people** are next important part of the process. There is no successful company that can build a coherent culture without having people sharing same ideas and vision. Hunt (2019) emphasis of the huge impact of cultural fit between company and employee as a predictor for success. Company culture can be shaped by the employees with different values and beliefs. One of the most important components is how the leaders and employees in the organization shared norms, assumptions, and is everyone comfortable with the existing company climate. In research of James Collins and Jerry Porras was found that the successful companies are those who have goal beyond just making money. Strong and inspiring organizational company can guarantee long-term existence of the business. In Walt Disney business there is their own company language – the employees are "cast members", jobs positions are "parts" in the performance and customers are guests. Furthermore, when an applicant feels that they have a cultural fir with the organization, they tend to except even lower salary but to be in the right place.

In 2009 Ganz defines the **importance of narrative (Ganz, 2009)**. Each organization has unique history and selling story. There are plenty of examples of companies with inspiring stories but one of the biggest is Coca-Cola. These stories help companies to rebuild the past and attract more followers to build the future. The **company place and building** are another important part of the culture. Pixar, Google, and most of the companies in Silicon Valley have unique and impressive office buildings. Due to Herzberg the office building is part of the hygiene factors of motivation, but open architecture of the new offices enhances open communication and collaboration between employees.

Usually the company culture is developed organically, and it could be found in office building, dress code of the employees, hiring needs, turnover rate, client satisfaction and the overall processes in the organization. There are very interesting examples of companies that build unique culture which is influenced by the diversity of people working in the business (Google, IBM, HP etc.). Globalization helps to develop cross-culture companies which operates worldwide and share same organizational values, norms, and attitudes (Tarver, 2020). In order to ensure the same organization culture is followed worldwide such companies are investing a lot in training programs that enhance knowledge transfer. There is evidence that the local culture can impact significantly the company culture and that is why the management tries to avoid this and promote their own vision and values. Apple and Netflix are great examples for businesses who focus on creativity, decision-making in groups and employee freedom to take actions. They are also popular with the rituals and the ceremonies as a part of their organizational culture.

Rituals in the company are based on the individual or team successful events that bring people together and enhance the company to react and celebrate as a whole unit. Rites and rituals include ceremonies and habits that shape certain type pf organizational culture. Habits are related to the individuals and the way they react daily or weekly. Rituals are associated with the team and organizational level. They are also practiced regularly but mainly help people to be together and to update each other on a latest change (Ahmed, 2019). Ceremonies are rites but moved to the organizational level. They happen quarterly or even yearly. These meetings help to share company information and news. The company culture influences the way all employees interact with each other internally and with external customers.

Most of the rituals are oriented around celebrating company success. These rituals help teams to bond together and get to know each other better. These types of rituals are related with accomplishing company or individual goals. There are also rituals related with gain new knowledge. Constant improvements, trainings and development are parts of some organizational culture. The company also could provide internal company program for development. Some company rituals are built around developing the relationship between the employees. Developing the relationship is very important for employee's motivation, dedication, and productivity.

In many organizations career and personal development is part of the organizational culture. In this case this part of the culture could be incorporated into rites and rituals. Sharing knowledge after the successful completion of a project is a type of ritual. In some big companies each employee has a dedicated budget for training and development and the organization provides special rituals to celebrate the success of each employee. A lot of rituals in the companies are developed in order to build and maintain the relationship between employees and to enhance the non-formal communication to all levels. Some of these rituals could be happy hours or special room with games and other activities. Bonding over food and having drinks together is very popular approach to build better relationship and communication in the teams. That is why a lot of companies provide a free snack or lunch and enhance the interaction between people.

Finally, some company rituals are related to build competitive environment which promotes self-development. There are companies which work with mentors that provide trainings and help employees to find their own career path. For innovative organizations self-leadership is usually promoted as successful organizational behavior. Focusing on company and individual goals is very productive approach. All of these rituals are not necessary to be expensive and complicated, but each company builds their own and unique rituals that change over time.

3. DEVELOPING ORGANIZATIONAL CULTURE IN STARTUPS

Even without any efforts or actions there is always a kind of company culture in each startup company. Maybe it is not the desired one, but people in the organization established something. A lot of stratus start operating in a small team and are focused on building and developing products and attracting and retaining customers. Usually, the founders focused on the financial flows and results, but the culture of the company is part of the key factors for success. The mindset of the employees in startups are based on multitasking and readiness to do extra efforts to reach company goals. As we mentioned the company culture should be mix between the owner's shared vision and how organizations act. In the startups the organizational culture is heavily influence by the owner and their ideas for development. The organizational life consists of beliefs, taboos, myths, and rituals.

Most of the founders believe that building an organizational culture is something that they need to focus once the company is stabilized and having financial stability. But the organizational culture exists once there are few people already working together. Due to Burke (2020) there are five steps in order to set an organizational culture:

- **Understanding the purpose and the goals of the company** – it is very important to be aware of the organization purpose of the startup. The purpose of the organization is the driving force for future actions and decision. Furthermore, these ideas should be shared with all employees. Due to some researches companies that are purpose driven have more engaged and motivated employees.

- **Define documentation and administration flow-** there are many techniques and methods which allow clarify the definition of the owner's vision. Some of the practices are related to leadership brainstorming first where they generate all the possible ideas they might have. Team brainstorming, asking for feedback and adoption are the next step for defining the goals and main values.
- **Culture-fir hiring –** as we mentioned cultural and company fit of the applicant is as important as the technical and hard skills of the applicant. During the interview process the interview should be honest about the company culture, norms, and values in the organization. Furthermore, it is good to ask the candidate few questions or clarification to ensure they understand the provided information. This approach will help both sides to better understand the characteristics of the organization and take rational decision about their common future.
- **Build positive organizational culture –** open communication is something that needs to be built from the very beginning and encouraged at all company levels. Treating people with respect at all levels is always a powerful and successful strategy for long-term commitment.
- **Regularly review your organizational culture -**creating a successful organizational culture is not just writing a document but it is a process. Culture changes with the time and need to be observed and develop with the new people regularly.

When the company starts to change and move from one size to another there could be some changes and the management should ensure that they are still on the track with the preliminary ideas. These reality check could be done on the regular reviews of the employees when the HR or management team could ask and ensure that they understand current company processes. The HR team should also observe carefully the first six months of each new employee in the company. This is a crucial period in which the new joiner either adopt or disregard the company culture. Creating a positive and strong culture in the startups is one of the best ways to ensure long-term survival of the company. Usually the owners and founders are so focused in the financial success and they underestimate the importance of the company culture.

We truly believe that company culture is not just about the office location, happy hours in the office and the great gaming room. It is based on the team spirit and attitudes of the team members. Usually if the owner is salesperson or financially oriented the basis fundaments of the company culture will be related to their values. Some of them will even be focused on finding people with the same profile (Tank, 2017). On the other hand, when the entrepreneurs build their own companies is good if they are established it based on their own concepts, beliefs, and ideas. If they decide to build company based on someone is else values the company could easily fail. Transparency and open communication will enhance the process of sharing owner's values. The employees will be the people that support the company in their growing so this will help them to stay motivated and engaged. Regular one-on-one meetings and gathering regular feedback are important part of communication process.

During the development of the company there are several significant issues that startup's founders should avoid. One of the common mistakes is the overall excitement about company culture and decision to build great and unique atmosphere without planning the steps. The first step is to look at the current culture and define the areas for development (Heriyati, 2020). The owner should think about the strategy for the next 1 to 3 years. Executive managers are the one who must set the standards and lead the process. Changing company culture depends on employees 'understanding what is expected from them and what they need to learn and change. The management should take part of mentoring or coaching sessions with the employees and support and lead them through the process.

Another typical mistake in startup is not communicating and advising with anyone. The middle and senior management should be aware for all expected changes and be part of the cultural switch. Usually the founder sets the tone of the communication and if they see that there is something in the organizational culture, they do not like this should be changed. These negative trends could be avoided if the hiring process is based on making good choices. Assessing culture fit is the crucial part of the recruitment. There are plenty of "Rockstar" candidates but having the similar understanding and sharing the same values is extremely important. Sometimes the company needs to choose between lack of technical skills and having the right mindset. Technical skill can always be trained but the right mindset

is hard to be cultivated, and that is why the recommended step for startup company is to choose the similar personally fitting to company culture.

Nowadays, there is huge demand for innovative ideas in the startup companies. All the habits and rituals build directly organizational culture and organizational unique style. Improving and developing company culture requires daily routine and persistence in implementing different rituals and ceremonies. One of the most important is regularly investment in employees 'development and acquiring new knowledge. Platts (2017) define one of the most interesting and effective ideas to develop innovative company culture:

- **Transparency in sharing salaries** – the open salary formula allows people to discuss freely any promotion and avoid gossiping and rumors in the organization.
- **Try to provide equal gender appearance –** research made by Sonru (2016) claims that having more women on board leads to team confidence, psychological comfort, and safety and team efficiency. The generation diversity helps company to move forward and succeed.
- **Organize more holidays** – holidays and vacation are always appreciated. Companies which provide more vacation position themselves as responsible employers who value work-life balance.
- **Linking individual goal to the organizational one –** common misunderstanding for the employee is the question why I am doing this and how this will affect my organization? This is extremely important to increase employees; productivity as they will understand their individual contribution to the company success.
- **Provide regular feedback** – the employer should provide the employee all tools to grow and develop. Regular feedback and setting goals are one of them.
- **Creating a dream board** – this technique is related with sharing of personal goals, dreams and the way in which employees want to contribute to the company success.
- **The onboarding plan for new joiners-** the culture fit of each new employee usually happens during the first months in the company. Providing a training plan and a colleague who will be buddy during the onboarding will be very beneficial for interiorizing the company values, norms, and culture.
- **Redesigning office space –** redesigning the office premise has a big impact in enhancing new company culture. The interior and exterior of the building, the open space, the location of the kitchen are parameters which can have powerful impact on people. The attractive open spaces and gaming rooms attract people to interact communicate and spend time together.
- **Pet day at the office –** another innovative and exciting technique. Bringing their favorite pet at work help people to get to know each other better and build non-formal and creative environment.
- **Innovative time for everyone** – dedicates working time (usually one day per month) in which all employees can communicate and shared any ideas that they have about their personal and company development.
- **Give all new joiner dedicated space budget –** each employee has dedicated budget which should be spend for personalize the office space and change it in a way they prefer.

Forsey (2019) defines and suggest five company culture types that can be followed when develop startup organizational culture. **Team-first company culture** focused on the importance of the team and collaboration between them. The goal of this approach will be to plan formal and non-formal events which will help to bring all people and team together and to enhance bonding between them. Usually this type of culture offers flexibility and suggest autonomy to decision process for each employee. Collaborating and interacting between teams is in the focus of this approach.

Elite corporate culture represents the companies for which innovative thinking is not only encouraged and enhance by organizational practices but expected. Facebook and Google are examples for companies which have one of the longest hiring processes in order to ensure they hire best talents worldwide. The main goal is to attract the most innovative people and to encourage them to think outside the box.

Traditional corporate culture (hierarchical model) is a traditional model in which usually there is lack of data-driven decisions and following the clearly defined structure is a must. Those companies have an established practice, well-defined dress code and follow procedure to ensure consistency in decisions.

Horizontal organizational structure is very typical for startups. This approached focus mainly on collaboration and communication outside complicated organizational procedures. Startups are usually young companies and this type of organization helps them to grow organically and develop when needed. **Clan culture** is also very popular for small companies. This approach offers a high level of employee engagement, family-like relationships, strong emphasis of teamwork and informal communication.

4. CONCLUSION

As we said the first step in building successful company are short-term and long-terms goals. Of course, goals could be changes during the development process of the company but the vision for the first and second year should be clarified in advance. This will turn invisible concepts into visible, tangible goals. Achieving common goals will also enhance group cohesion and enhance the dedication of the employees. Most of the employees chose startup instead of corporations' companies as they prefer to work in small teams and have meaningful job. They want to grow and develop within the company and chase the company's dreams. Defining and explaining, and even having some company statements and vision in written will also help people to identify themselves with it.

During the growth of the company organizational culture should be revised and updated. Startups are popular with rapid overnight changes. The structure of those companies is usually flat, but part of their growth consists of building more stable and business structure. Asking and interviewing people regularly is one of the steps that should be followed on a regular basis. On this feedback meeting the management of the company can easily identify the company rites and rituals. They help organization to build supportive company culture and enhance employee retention.

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