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Developing organizational culture for a new start-up

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Abstract

Every organization has a culture, which develops over time. Positive and strong culture can be powerful competitive advantage and should therefore be actively managed. Culture can be challenging and time-consuming to change after it has been evolving over time and therefore developing organization's culture should be a deliberate and systematic effort right from its commencement. Good organizational culture is built on a shared set of organizational values, which should be agreed upon by all members of the organization.

The objective was to identify and agree on the organizational values the recently established commissioner company wants to have their culture built on. And in additional to research how organizational culture can be developed and what is the process.

Theoretical framework is built on organizational culture and organization values. The research was done using action research, for its nature of studying real life issues that arise from practical needs in organizations. It involves the people in question to the research and aims for change. Research material was collected with qualitative methods from several workshops. The data was gathered by observation, using a participant observation method.

The objectives were achieved, and the results cover the new organizational values, the process of creating organzational culture and its development. Conclusions include proposal for the future development and documenting the desired culture.

Keywords/tags (subjects)

Organizational culture, work culture, values

Miscellaneous (Confidential information)

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Tiivistelmä

Jokaisella organisaatiolla on kulttuuri, joka kehittyy ajan myötä. Positiivinen ja vahva kulttuuri voi olla tehokas kilpailuetu, ja siksi sitä tulee johtaa aktiivisesti. Olemassa olevan kulttuurin muuttaminen voi olla haastavaa ja aikaa vievää ja siitä syystä kulttuurin johtamisen ja kehittämisen tulisi olla harkittua ja systemaattista heti yrityksen perustamisesta alkaen. Hyvä organisaatiokulttuuri rakentuu yhteiselle arvopohjalle, jonka koko organisaatio on hyväksynyt ja kokee omakseen.

Tavoitteena oli tunnistaa ja sopia yhdessä hiljattain perustetun toimeksiantajayrityksen henkilöstön kanssa organisaation arvoista, joiden pohjalta yritys haluaa rakentaa kulttuuriaan. Lisäksi tutkittiin miten ja minkälaisella prosessilla organisaatiokulttuuria voidaan kehittää.

Teoreettinen viitekehys rakentuu organisaatiokulttuurille ja organisaation arvoille. Tutkimus tehtiin toimintatutkimuksena, sillä sen tavoitteena on tutkia työelämästä nousevia aiheita, jotka syntyvät organisaatioiden käytännön tarpeista. Toimintatutkimus pyrkii muutokseen ja osallistaa tutkimuksen kohteena olevat ihmiset mukaan kehittämistoimintaan. Tutkimusmateriaalia kerättiin laadullisin menetelmin useista työpajoista. Tiedonkeruumenetelmänä käytettiin osallistuvaa havainnointia.

Tutkimuksen tavoitteet saavutettiin ja tulokset kattavat toimeksiantajayrityksen uudet arvot sekä organisaatiokulttuurin kehittämisen prosessin. Johtopäätökset sisältävät suosituksia kulttuurin kehittämiseen jatkossa sekä halutun kulttuurin dokumentoinnista.

Avainsanat (asiasanat)

Organisaatiokulttuuri, yrityskulttuuri, arvot

Muut tiedot (salassa pidettävät liitteet)

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1   Introduction

Studying organizational culture, one cannot avoid the phrase: "Culture eats strategy for breakfast". Even that the origin of the quote is questioned, it points out the importance of culture. If there is a discrepancy between them, culture will prevail. Strategy is integral part of every company, and time and effort are used in planning and implementation. If culture can challenge even the strongest strategy and define its success, it can be valuable asset for any organization and likewise deserves attention. Leading an organization through its culture has gotten a term from Rossi (2012) as "culture strategy" as she argues that culture is the strategy for the most successful companies. (Anttonen 2022, 7; Kuusela 2015, 16; Rossi 2012, 12-13.)

Every organization has a culture, whether it is recognized or not and regardless of whether it is managed or not. Culture develops over time, and it is easier to start creating it in the beginning when the organization is established than to change it, after it has been forming on its own. (Luukka 2019, 15.) Starting the cultural development from beginning it should be noted that culture cannot be copied from others but should always be created and developed based on the organization in question. (Anttonen 2022, 26.) As culture is unique to each organization, strong and positive culture can be a competitive advantage.

Organization's culture is built on its values. According to Huuhka (2010): "Values are the cornerstone of an organization: on them are based its culture, operations, communication and finally, as determined by stakeholders - its reputation. The value base of an organization determines the characteristics and procedures of its company culture." (Huuhka 2010, 99.) The statement emphasizes values above everything else. The view of the importance of values is shared by others, as will be discussed further in this thesis, and the organizations values are also the starting point in this study to building culture for the commissioner company. However, to build desirable culture organization should also have mission and vision statement and most importantly they need to be put into practice (Preuss, 2019).

The aim of this thesis is to study how to create and develop desired organizational culture for a new start-up company and for what values the company wants the culture to be based on. In other words, what is the desired organizational culture for the commissioner company. The theoretical framework concentrates on organizational culture and organizational values.

The commissioner is a young start-up company that was established in August 2023. It currently consists of six people, five founders and one employee. The start-up is a tech company that develops a mobile application. The commissioner company has great growth potential in the future and as a tech company there will be need to recruit new employees especially from the IT industry. Strong culture can be an important asset and make a difference in attracting new hires especially if the company is competing against well-established organizations with bigger resources, able to offer more competitive salaries and benefits. According to Deloitte's recent survey in 2023, Generation Z and millennials are interested in the values of their employers and are making decisions based on them. The survey covered 44 countries and over 22,000 people from Generation Z and millennials. Almost 40 % of Generation Z and 35 % of millennials had turned down employers due to values that did not match their own. Both generations pay attention to work/life balance, societal impact, environment sustainability and diversity, equity, and inclusion in organizations. (Deloitte 2023.)

The idea for the thesis arose from the realization that starting a new company offers a unique opportunity to start building organizational culture from scratch. The thesis concentrates on the concept of organizational culture and the process of creating and developing desired organizational culture. The aim of the thesis is to define with the commissioner company the organizational values the people want their culture to be built on.

1.1   Objectives of the research and the research questions

The commissioner company was established only recently and there are significant number of administrative and operative responsibilities that require the founders and management's attention and take big part of their time. Since the number of personnel is currently only six people, it is still quite simple to organize communication and division of work. Therefore, it might be easy to postpone the planning and developing of the company culture. However, the company is looking for growth and there will be a need for more personnel in the near future. That will raise new challenges especially if the number of employees raises considerably in a small period of time. This thesis intends to minimize the risk in the future by creating the foundations for positive organizational culture than can scale when the company grows. The objective is to define the organizational values the commissioner company wants to have their culture to be built on and to study

the process of how organizational culture is created and developed and to point out the most relevant elements.

The main research question is:

1. What are the values that the personnel of the commissioner company want to base their organizational culture?

There are also two sub research question:

1. How to develop desired organizational culture?
2. What is the process of creating organizational culture?

The main research question concentrates on the commissioner company and its desirable culture, while the sub research questions study organization culture and its process in general.

1.2   The scope and structure of the thesis

The thesis concentrates on the concept of organizational culture and the process of creating and developing desired organizational culture. The aim of the thesis is to define with the commissioner company the organizational values the people want the culture to be built on.

The case company has also raised an interest to create a cultural handbook for the company as a guide and as tool for future employees to introduce the organizational culture. However, the handbook itself has been left out of the thesis scope in order to focus on the process and the content instead of a concrete product itself. Creating the handbook will also require other resources from the company, for instance visual designer, and therefore it will be scheduled and planned separately.

Structure of the thesis

Action research does not always start with the final research questions but instead it evaluates and finds its final format during the process. Action research can start with a systematic literature review including research of the theoretical framework. (Valli & Aaltola 2015, 209.) The thesis

structure is presented in figure 1. It starts with the presenting the background and commissioner company together with the objectives, research questions and scope.
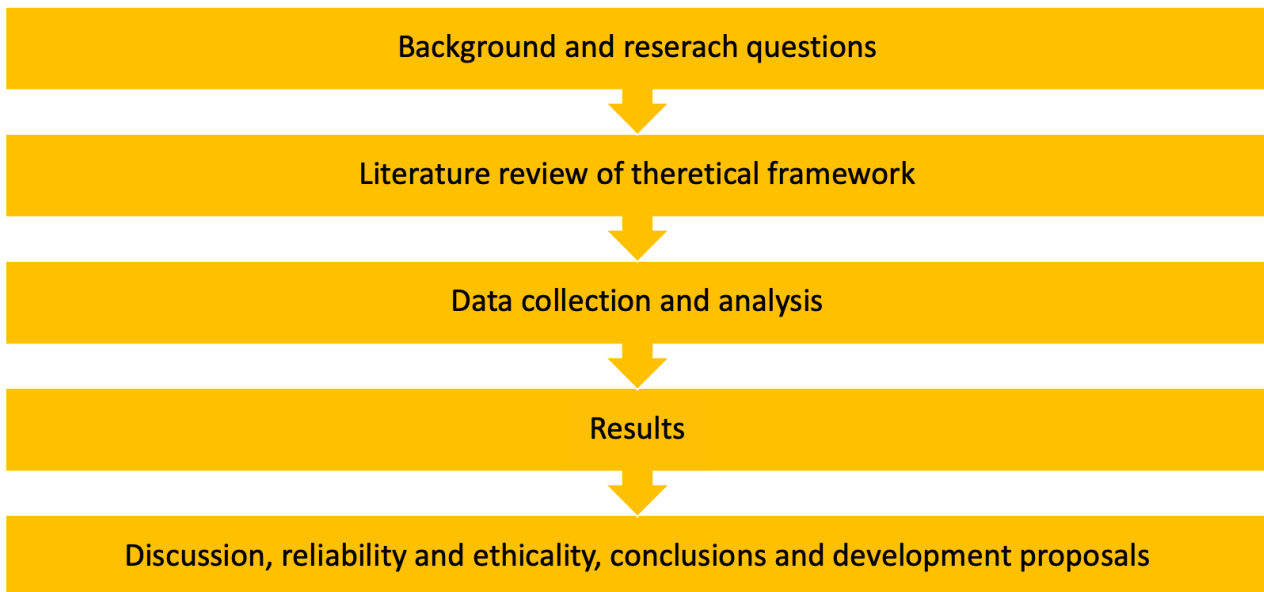
Figure 1 Thesis process.

The second chapter includes literature review on the main topics. It starts with introduction to culture in general presenting the dimensions of natural cultures and continuing to organizational culture, including the Three Levels of Culture by Schein (2009), Competing Values Framework and the process of leading organizational culture. The chapter continues with introduction on values followed by organization values and the process for building organizational culture. In chapter three the chosen research strategy and method are introduced. The data collection and analysis will also be cover in this chapter and the findings are presented in chapter four. Chapter five includes discussion, reliability and ethicality, and the thesis will be closed with conclusions and development proposals.

Information retrieval and sources

The information retrieval in this thesis is based on both traditional print sources, including journals, books, and textbooks and internet sources, mostly web sites and online reports but also blogs and a webinar. The framework of organizational culture is widely studied and there is broad

amount of both Finnish and international academic material available. For the purpose of studying what elements effect on the organizational culture and its success, also literature from business leaders with experience in different organizations and cultures were used as sources. The objective was to find a balanced combination of both Finnish and international sources from established academics such as Edgar Schein (2009, 2017) and Geert Hofstede (2010, 2011) to modern business authors, for example Panu Luukka (2019). In the selection of sources, attention was paid to the relevance of the material, timeliness and the quality and quantity of its citations in other sources.

2   Organizational culture and values

In this chapter I will examine the key concepts of this study. The main concepts of the thesis can be divided in two. The most relevant concepts being organizational culture and organizational values. However, to support these concepts, culture and values are also examined in more general level and through the differences between national and organizational cultures.

The theoretical framework of this study is built around organizational culture and values. Culture can be understood in different ways and there is not any one specific definition for organizational culture (Kulmala & Rosvall 2022, 20). In this work, I will study different definitions, approaches, and theories, including, the Edgar Schein's (2009) organizational culture theory and the competing values framework (CVF) by Quinn and Rohrbaugh (1983). Organizational values are examined for example through forms of organizational values framework by Bournes and Jenkins (2013).

2.1   Concept of culture

Culture has several meanings depending on the use and context. In many western languages culture is often limited in meaning civilization or even more restricted as to for example art and education. It is also commonly used in sociology for nations, or in anthropology for ethnic groups and tribes. Culture is collective and often shared with other people in the same social environment, such as one's family, school, and neighbourhood. While gaining life experience, especially during childhood, which is a prone time to learn, people develop patterns of thinking and feeling. To demonstrate the differences between culture, personality and human nature, Hofstede has created a pyramid of three levels of uniqueness of mental programming as seen in figure 2. (Hofstede, Hofstede & Minkov 2010, 12-13.)
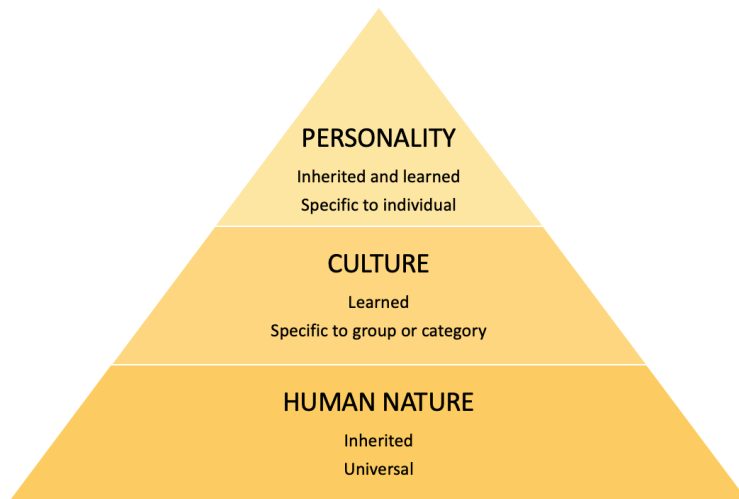
Figure 2 Three Levels of Uniqueness of Mental Programming (Hofstede 2010, adapted).

On the base of the pyramid is the universal human nature which unites the people around the world. Universal feelings such as love, sadness and fear are all part of the human nature, even though the way we react and behave to these emotions is affected by the culture. Unlike the human nature, culture is learned. Culture always requires a group of people and is a shared phenomenon among the people sharing social environment. The individual specific personality is a combination of the inherited human nature, learned culture and the individual specific experiences. (Hofstede et al 2010, 13-14.)

Dimension of National Cultures

In 1970s Geert Hofstede studied large survey data gathered form IBM employees from over 50 countries worldwide. The people presented in the data were otherwise similar expect their nationality which made the material adequate for studying cultural differences. After analysing the answers to questions regarding values of similar employees, it was learned that the problems were similar, but the solutions varied by countries in four areas that Hofstede named as dimensions of national cultures: power distance, collectivism versus individualism, femininity versus masculinity, and uncertainty avoidance. Later Hofstede added two more dimensions to the model in cooperation with Michael Bond and Michael Minkov: long -term versus short-term orientation and indulgence versus restraint. (Hofstede et al 2010, 24-26.)

Power distance refers to the level of equality and inequality in a culture. The term refers to the emotional distance between people in leader and subordinate relationship. That compresences not only organizational and political system, but also smaller communities such as educational institution and families. In low power distance cultures, the power is expected to be distributed vastly and people in power are considered approachable. On the contrary in high power distance cultures, it is generally accepted that power is not distributed equally, and that everyone has their place in the system. It is noteworthy that according to the study, the way people considered the power distance, was also how they wished it to be. In other words, in low power distance, people also wanted to have approachable and consultative leader, whereas in high power distance independent distant leadership was seen desirable. (Hofstede et al 2010, 38-39.)

The second Hofstede's dimension is collectivism versus individualism. People either identified as "we", part of a group to which they are loyal to or as "I", being responsible of themselves. In individual countries family is often considered as nuclear only, considering parents and children in contrast to collective cultures where it also includes cousins, grandparents, and other relatives. In business context it can reveal the importance of personal relationships, people needing to know and trust the other person. (Hofstede et al 2010, 53-59.) Individual cultures value expertise and hire based on rules while in collective culture might take family links into consideration (Brown 1998, 43). Collectivism cultures avoid confrontation and what might be considered as honest and sincere in individualism culture can be seen as unpolite in collectivist culture. (Hofstede et al 2010, 60-61.)

The third dimension is masculinity versus femininity. In masculine culture the gender roles are clearly different from one another, men and women are considered to have specific features and should act in a proper, distinctive way. Men are tough, determined, and self-assertive who concentrate on the material success and advancing to higher level positions in business life. Women on the other hand should be humble and more concerned about the quality of life. In feminine cultures the gender roles are not strict, and both men and women can have same traits and characteristics. It values cooperation, equality, and compromising. (Brown 1998, 45; Hofstede et al 2010, 75-77.)

The uncertainty avoidance is about how people tolerate the unknown and uncertain situations. In strong uncertainty avoidance societies people are threatened while in the weak uncertainty avoidance societies people are more comfortable with ambiguous situations. In the latter society one needs to learn punctuality and precision but in the former it is a norm and comes naturally. (Brown 1998, 45-46.) It is also distinctive for strong uncertainty avoidance societies that, there are longer careers in a same company, people are more self-employed and balancing between work and personal life is harder compared to weak uncertainty avoidance societies (Hofstede et al 2010, 114).

Long-term versus short-term orientation refers to cultures that are either looking into the future or are history and present oriented. Long-term orientation emphasizes perseverance and reaching towards long term goals. Short-term orientation on the other hand expects to see results quickly, values traditions and personal stability. It is also important how others perceive on and not to lose one's face. (Brown 1998, 46; Hofstede 2011, 13-15; Hofstede et al 2010, 123-127).

The last dimension is indulgence versus restraint, which focuses on subjective well-being. In indulgence societies people enjoy life through fulfilling their desires rather freely. Friends and leisure are valued, and people consider and feel themselves happier and healthier compared to restraint societies, where are more pessimism, cynicism, and also moral discipline. (Hofstede 2011, 15-16; Hofstede et al 2010, 145-150).

2.2 Organizational culture

Organization culture defines how individuals and groups factually interact among themselves and with other shareholders (Kulmala & Rosvall 2022, 24). Culture is in the decisions and the way in which they are made in the organization. Culture can be also seen as the organization's values in action. (Lilly & Rao 2020, 4:37.) Kulmala and Rosvall (2022) emphasize the importance of culture unifying the mission and vision between the people and operations. (Kulmala & Rosvall 2022, 24.) Culture unites the individuals within the group and also separates the organization from others (Luukka 2019, 25). However, it is noteworthy that within organization can exist different cultures. Different department or even smaller teams can have their own variations. (Cameron and Quinn 2006, 17-18.) Culture can also be seen as silent social order of an organization affecting behaviour

and mindset. It can be a great resource, especially if persons' individual values are coherent with the organizational values. (Groysberg, Lee, Price & Cheng 2018, 46.)

Organizational culture is also a reflection of the prominent management style combined with values, procedures, and habits. (Cameron & Quinn 2006, 17.) In case of a new and young organizations, the values, beliefs, and assumptions are those of its founders. They are transferred to new employees and ultimately becomes the culture. Depending on the success of the company it can either strive or fail. However, the culture should be managed so it can be strengthened and grow successfully. (Schein 2009, 107-108.)

Different definitions exist for organizational culture, and it can be understood in different ways as there is not any one specific definition. Nevertheless, there are some commonly acknowledged elements. (Kulmala & Rosvall 2022, 20.) Organizational culture is a shared phenomenon which is created together within the group. Individuals participate in building the culture and represent it however, culture always requires a group. Likewise, every group will eventually have its own culture which will develop consciously or unconsciously over time. (Luukka 2019, 26). Culture appears in the interactions and behaviour of the people, in the shared values and assumptions (Groysberg et al 2018, 46).

Culture is also pervasive, it flows through different levels of the organization, comprising both internal and external relationships and including customs and assumptions, stories, and rituals (Groysberg et al 2018, 46; Schein 2009, 41). Organizations mission and strategy are also part of its culture (Schein & Schein 2017, 11).

Despite that people need guidance in acting according to the desired organizational culture, for example through orientation (Luukka 2019, 27), culture itself is in nature instinctively recognizable (Groysberg et al 2018, 46).

Lastly culture is sustainable. People crave continuance and the sense of security that comes from predictability (Schein 2009, 41). Organization also often recruits people that are suited to its culture and therefore culture remains also after personnel changes (Groysberg et al 2018, 46).

Three levels of culture

According to Schein (2009), in understanding organizational culture, there is a significant risk of trying to oversimplify it (Schein 2009, 30). Similar to Kulmala and Rosvall (2022) who state that, culture happening when nobody is watching, does not explain the phenomenon in management context (Kulmala & Rosvall 2022, 20). Schein (2009) has described organizational culture through three levels based on the visibility for an observer as seen in figure 3.

Artifacts
•Visible and feelable structures and prodesses
•observed behavior
•Difficult to decipher

Espoused Beliefs and Values
•Ideas, goals, values, aspirations
•Ideologies
•Rationalizations
•May or may not be congruent with behaviour and or other artifacts

Basic Underluing Assumptions
•Unconscious, taken-for-granted beliefs and values
•Determine behavious, perception, thought, and feeling

Figure 3 Three Levels of Culture by Schein (Luukka 2019; Schein & Schein 2017; adapted).

The artifacts are the tangible level, that should ideally be built on top of values, which in turn should be based on the basic assumptions (Luukka 2019, 30-31). The artifacts level includes what can be observed with basic senses, such as sight, sound, and touch. Products, recruiting process, dress code, stories told, visual identity, and physical environment including office, its location and décor are all part of this level. Typical for this level is the visibility yet difficulty to interpreter the meanings behind. (Luukka 2019, 31; Schein & Schein 2017, 17-18.) The actions of people and the environment can be seen, however, to accomplish to understand the reasoning one must look further and ask why.

The second level, the espoused beliefs and values can be born from one prevailing individual who can influence the group. If the outcome is proven effective it can be become gradually a shared assumption. (Schein & Schein 2017, 19.) The values can also be carefully planned and articulated such as vision and company strategy. However, they might not be in line with the artifacts and the official, written values may not be the true values of the organization. (Luukka 2019, 31-32.)

According to Schein the last level of embedded, unconscious, and underlying assumptions is the essence of culture (Schein & Schein 2017, 17). As the assumptions develop over time, knowing the history of the organization can help in understanding and recognizing them. The beliefs and assumption can originate from the founders, but they become shared values only after they have been validated and proven to work and therefore also adapted by new members. Schein emphasizes the importance of shared learning in the process. (Schein 2009, 34-35.)

Accoring to Luukka (2019) Cameron and Quinn have added one more level on top, the explicit behaviour. The purpose of the addition is to emphasize that for the values to be meaningful, all levels below the explicit behaviour, must be present in people's behaviour. (Luukka 2019, 33.)
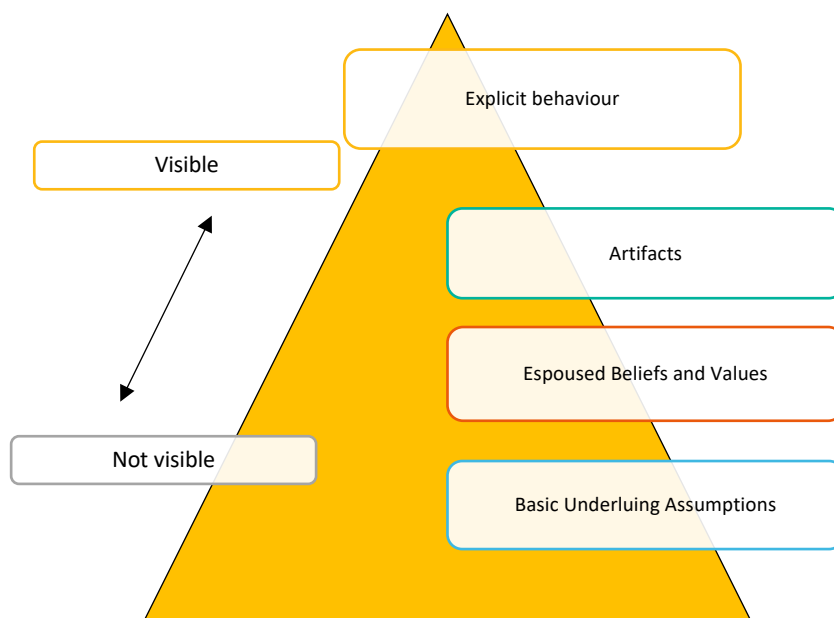

Figure 4 The Levels of Culture by Cameron and Quinn (Luukka 2019, adapted).

Different organizational cultures

Competing Values Framework (CVF) originates to the work of Quinn and Rohrbaugh (1983) who analysed data of a research regarding organizational effectiveness. They identified two dimensions having great impact on effectiveness, stability, and focus. These dimensions create four groups that are based on what the organizations consider important to be effective. At the same time, they can be seen as the preferred values within the organization guiding the people to behave according to. The dimension divides the four groups in such way that they are opposite from one to another, hence the name of the framework. (Cameron & Quinn 2006, 33-35.)

On the one end of stability dimension is flexibility and discretion, where agility and ability to change are considered assets for effectiveness. On another end, is stability and control, organizations that value structure, continuity, and order. The second dimension focuses on either internal or external orientation.

Flexibility and Discretion

	CLAN	ADHOCRACY	

Internal Focus and Integration — External Focus and Differenciation

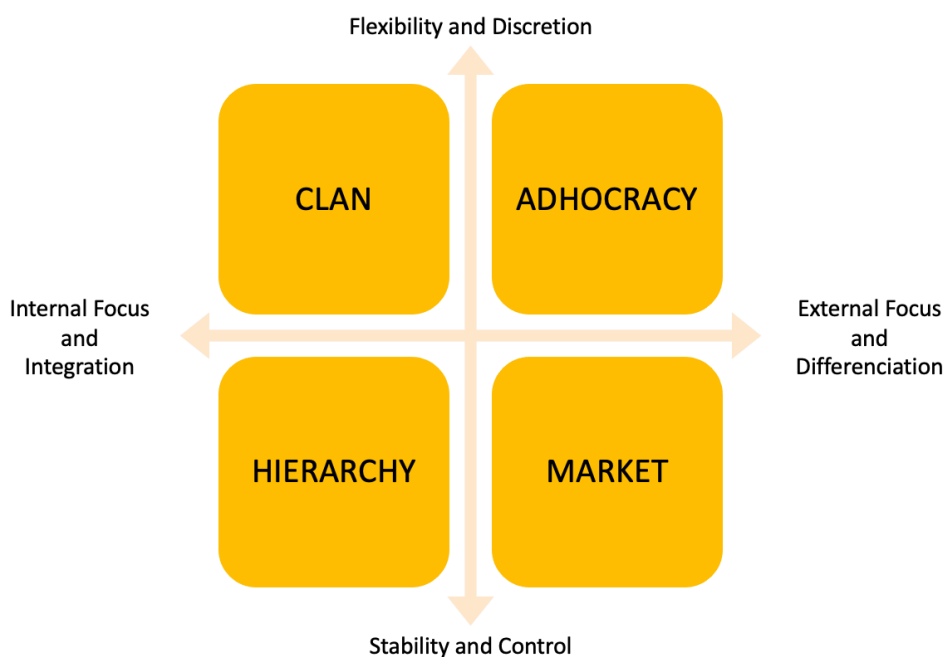|	HIERARCHY	MARKET	

Stability and Control

Figure 5 The Competing Values Framework (Cameron & Quinn 2006).

The hierarchy culture is a combination of internal focus and stability. Organizations with hierarchy culture are clearly and strictly structured and managed. Roles in the organization are clear, good

coordinating and organizing is considered effective leadership and employees are often systematic and cautious. Guidelines and order are valued as well as high quality and consistency. Hierarchy culture is often found in organizations that operate in highly regulated businesses such as banking and healthcare. (Cameron & Quinn 2006, 37-38; Luukka 2019, 424.)

Shifting the focus to external but remaining in the same end of the stability dimension, is the market culture. These types of organizations are highly competitive and driven by productivity, profitability, and results. The focus is on external stakeholders such as customers and suppliers. As the culture is very result oriented it is highly competitive and targets are pursued aggressively. (Cameron & Quinn 2006, 39-40; Luukka 2019, 424-425.)

On the opposite of the hierarchy culture is adhocracy. It is based on fast paced environment where people are flexible, and teams are not structural but formed when needed and disband after serving its purpose. The culture encourages innovativeness and creativity as organizations with adhocracy culture often operate in businesses where new products and services are constantly in development. The adhocracy culture is entrepreneurial as decisions are made throughout the organization regarding the task at hand. (Cameron & Quinn 2006, 43-45; Luukka 2019, 426.)

Lastly the clan culture is the combination of flexibility and internal focus. It emphasizes teamwork and cooperation. The employees are committed, and leadership is based on trust and family-like community. Even customers are considered partners. Organizations with clan culture nurture positive environment and often target to be a desired employer among employees, who in turn are committed and loyal to the organization. Leaders are seen as team builders and mentors who create trusting and humane atmosphere. (Cameron & Quinn 2006, 41-43; Luukka 2019, 425.)

Leading cultural development process

Kulmala and Rosvall (2022) have identified four stages in the process of managing organizational culture: analysing the status, defining the desired culture, developing the culture, and monitoring and learning (Kulmala & Rosvall 2022, 88-90). According to Brown (1998) the process has been seen similarly, but without the monitoring and learning, and framed into four questions by Wilkins and Patterson (1985):

1. where do we need to be going strategically as an organization?
2. where are we now as a culture?
3. what are the gaps between where we are as a culture and where we should be?
4. what is our plan of action to close those gaps?

(Brown 1998, 164).

Culture is constantly evolving and therefore the stages are not linear with starting point and end, but a cycle as seen in figure 6. The stages visualize the content of managing culture and despite them being linked to each other and sometimes overlapping, following will be presented an order that can be applied. (Kulmala & Rosvall 2022, 88-90.)
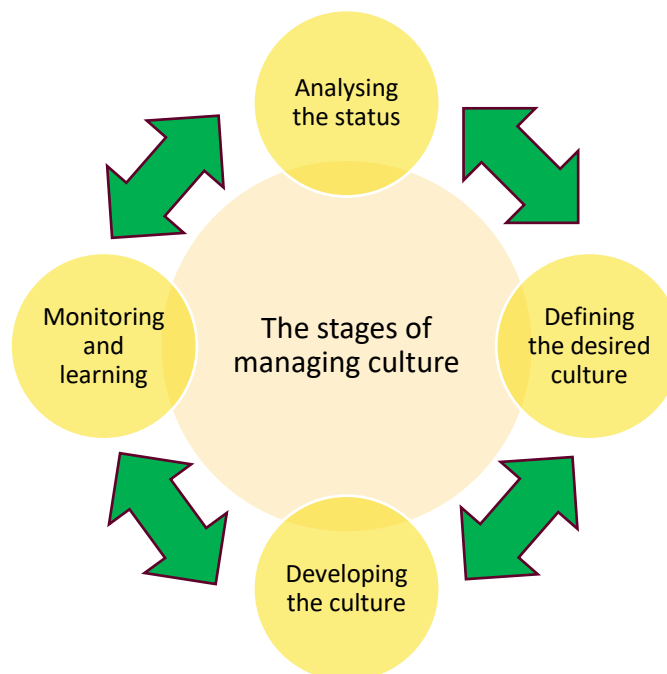
Figure 6 The stages of managing culture (Kulmala & Rosvall 2022, adapted).

Analysing the status. For evaluating the status of organizational culture can be complex and time consuming. According to Kulmala and Rosvall (2022) evaluation can be done in succinct or extensively. However, they do recommend collecting data through various methods, including surveys, interviews, workshops, and observations as understanding of the culture is crucial to development. (Kulmala & Rosvall 2022, 91.) Cameron and Quinn (2006) have created a tool, Organizational Culture Assessment Instrument (OCAI), to assess a culture. It consists of six questions, with two perspectives, the current state and the desired future. According to Cameron and Quinn, the

survey has been widely used and has received positive feedback in serving its purpose. (Cameron & Quinn 2006, 23-24.) Schein (2009) has more sceptical approach to surveys as a way of evaluating organizational culture. According to him there is no survey with enough questions to cover all relevant themes, and thus will reveal only few artifacts and values. It can be somewhat informative yet not enough to draw a conclusion regarding which cultural elements are important to a certain dilemma. (Schein 2009, 76, 204-205.) Instead, better understanding will be gained in a workshop where business related problem is defined, the three levels of culture as per figure 3 are discussed, and artifacts and values are identified and compared to each other. (Schein 2009, 82-83.)

Defining the desired culture. The results of the evaluation of the current stage can be used in defining the desired culture. Factors that help the organization in reaching its goals can be seen as its strengths and can all serve as a base for the desired culture. On the other hand, weaknesses, preventing or complicating the mission, are difficult to overcome all at once. Therefore, they should be carefully prioritized with an open dialogue within the organization. Target culture should include 80 % from the existing culture and 20 % can be replaced. To facilitate the organizations participation in the process and acceptance towards the upcoming changes it is important to communicate the reasoning behind the decisions, the targets and if possible, what does it mean in concrete for the people. New companies have the advantage, that if taking the culture into consideration already in the beginning they can start the process with defining the desired culture. (Kulmala & Rosvall 2022, 93-97.)

Developing of the culture. Developing of the culture is a complex continuing process and it takes time to implement to the organization. As the environment and circumstances might change, the process should also be adaptive. As per the previous paragraph, the target culture should contain 80 % of the existing culture. Positive aspects that have already been proven to be functional can be reinforced with longer term actions compared to the new 20 % that is targeted to be changed. When developing new, it can be difficult to foresee all the affecting factors, complicating to predict the results. Therefore, experimenting can be a valid form of testing hypotheses and it can also create new ideas and possibilities. Experiments need to be monitored, and based on the progress and feedback received from participants, they should be adapted and evolved. It can be a great opportunity also to engage people to the process as they are given the opportunity to be part of the development in practice. (Kulmala & Rosvall 2022, 99-101.) It is important to bear in mind that

not all experiments are successful, and to accept and move on from the experiment if after all it is not delivering positive outcome. Organization should also be able to make changes without experimenting them first, as it will take resources to test everything (Kulmala & Rosvall 2022, 99-102).

Cultural changes and implementing them to the organization is a long-term process that can take several years. First year is for learning, second year getting accustomed to before the changes start to feel natural for the people. However, it can take also significantly longer period, as often development projects are done on top of the daily work which might prolong the process. (Kuusela 2015, 164-165.)

Monitoring and learning. The fourth stage is monitoring and learning. Firstly, it should be defined what is being monitored, and to set up proper indicators, that can be followed. In table 1 are listed aspects of good indicators. Based on the results the organization can learn and modify their actions. (Kulmala & Rosvall 2022, 104-105.)

Table 1 Good indicators (Kulmala & Rosvall 2022, 105, adapted; original Sitra 2018).

GOOD INDICATORS:
- Directs the operation and ensures its quality
- Track the journey towards the desired effect
- Covers all stages of implementation
- Verify changes occurring at different time spans
- Produce information from the perspectives of different stakeholders
- Includes subjective and objective as well as qualitative and quantitative measures
- Becomes part of the service provider's everyday life

It should be noted that monitoring happens within two timelines. Specific individual actions or experiments can be evaluated already during or shortly after. However, similarly as the cultural change and developing can take several years, also the evaluating is long term. (Kulmala & Rosvall 2022, 104.)

2.3   Personal values

There are ample amount of literature and definitions for values. According to Illes and Vogell (2017) Schwartz and Bilsky (1987) have identified characteristics that are shared by many researchers in their definitions. Firstly, values are beliefs and thus can be seen as cognitive structures that require a learning process. Values are also about desirable end-states or behaviours. They can be seen as the aim that motivate people's behaviour. As it represents the outcome of the persons wants, it does not necessarily always include moral or ethical aspect. (Illes & Vogell 2018, 352-353.)

Not all values are equally important. Persons have several different values that have different levels of importance and therefore are ranked into values hierarchy. The outcome affects for example on persons behaviour, and attitudes, as commonly the decisions people make are related to more than one value. When the competing values have different motivational directions, it creates a conflict. To demonstrate the relationships between values, the Schwartz value theory has identified and placed 19 universal basic values in a circle, where similar, positively correlating values are aggregated while conflicting values are on the opposite of the cycle. To avoid conflicts, persons more often favour the coherent values placed adjacent in the circle. (Illes & Vogell 2018, 353-355.)

Figure 7 The Schwartz value circle (Illes & Vogell 2018, 354, original Schwartz et al 2012).

The fourth characteristic is that values are for the selection and evaluation of behaviours and events. It demonstrates the relationship between persons values and their actions. Values have an impact on people's behaviour depending on the importance of the value and the issue in question. (Illes & Vogell 2018, 355.)

Values effect on how people prioritize their beliefs and behaviour. As trans-situational, values are rather stable, yet changes do take place and at the same time alter the value hierarchy. Referring to the value circle, if there is a shift in importance of a certain value it does not only affect the adjacent values but the conflicting values on the other end of the circle. (Illes & Vogell 2018, 353, 356.)

2.4   Organizational values

Organizational values diverge from personal values, by being shared beliefs by the group and guiding the members actions towards a common objective (Oh, Cho and Lim 2018, 278). Organizational core values can be seen as the foundation of culture, affecting all operations, as defined by Lencioni (Lencioni 2002, 114).

Forms of organizational values framework

Bournes' and Jenkins' (2013) framework of organizational values recognized four different organizational values, attributed, espoused, shared, and aspirational. The values can be placed in a frame with two dimensions, embedded or intended and aggregated or collective as seen in figure 8. They argue that even there are similarities within all four values, the differences unveil the tensions that can be seen as the fundament of the organizational values dynamics. (Bourne & Jenkins 2013, 502.)
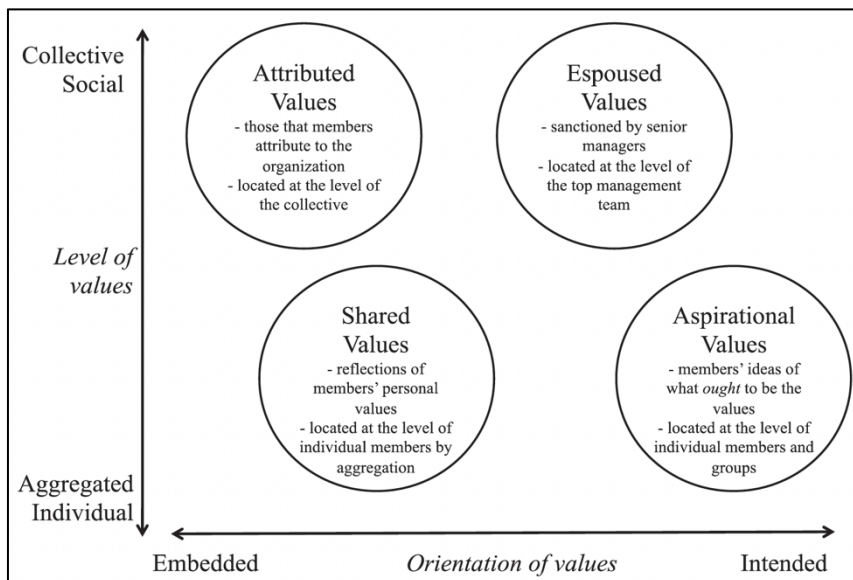
Figure 8 Forms of Organizational Values (Bourne & Jenkins 2013, 503).

Embedded values are on the other end of the orientation of values dimension. Attributed values arise from history and the group recognizes that they a reflected in the present actions. At the same end of the dimension is also shared values as they likewise reflect past behaviour models evolved over time. Being connected to history the two beforementioned values bring temporal scope to the framework. On the other end of the dimension, are the espoused and aspirational values which are future oriented. Both espoused and aspirational are desired values that should be pursued, however they difference is in the perspective. While the first represents the desired values of the leaders and therefore may have some level of intention, the latter is the perspective of the members of the group. (Bourne & Jenkins 2013, 502-503.)

The second dimension of the framework operates in the level of values, either collective and social or aggregated and individual. Bourne and Jenkins point out Rohans' (2000) observations between the individual and collective values, as they might cause a challenge to what degree should one prioritize personal values over social values of a certain group. Especially as people belong to several different groups, with their own values. (Bourne & Jenkins 2013, 503-504.)

Both attributed and espoused values, are agreed and accepted by the group members even if the values are not shared. The espoused values are decided by the top management and communicated as the organizations' official values. The top managers might individually disagree on the

espoused values, but nevertheless accept them as common good for the organization. The shared values on the other hands are compilation of the individuals' personal values, similar to aspirational values that can overlap with the shared personal values. (Bourne & Jenkins 2013, 501-504.) If espoused values are not accepted by the employees, they might become norms instead. Resembling to values, norms are affecting people's behaviour, but instead of being internal and motivating they steer people's actions through external restrictions towards accepted and appropriate behaviour. (Illes & Vogell 2018, 355, 364.)

Espoused values segments

As espoused values are the desired values determined by the top management they are often communicated as the organizations' values. Looking into approximately 100 companies and the values they communicate outside the organization, Kauppinen (2002) noticed that the same themes were repeated, creating four groups, Kauppinen named as value baskets (Kauppinen 2002, 76).

1. FINANCIAL VALUES	2. CUSTOMER VALUES	3. COOPERATION VALUES	4. DEVELOPMENT RELATED VALUES
Productivity Profitability Efficiency	Customer-oriented Customer satisfaction Customer-driven	Collaboration Communication Teamwork	Innovativeness Renewal Continuous development
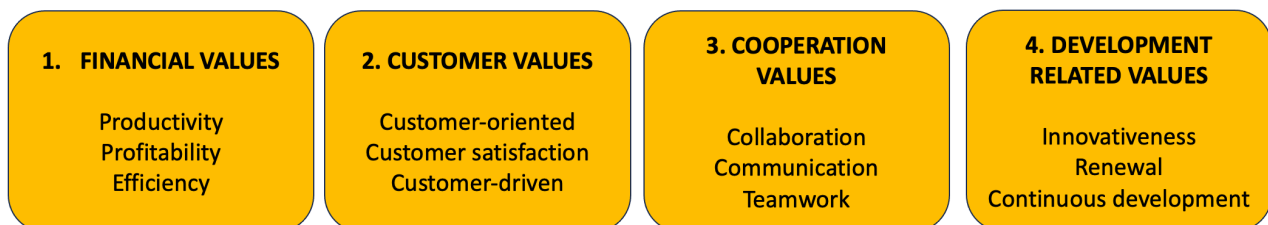
Figure 9 Value baskets (information Kauppinen 2002).

First group includes economical and financial related values, that emphasize productivity, profitability, and efficiency. Some organizations are more blunt naming profit as their value, while others rephrase it as success. Second group is everything customer related. Customer appears in most companies' values, the emphases varying from client or market centric to customer satisfaction. Depending on the business and the companies' services or products it can be important to add to the values customers listening or meeting their needs. The third set of values is in regard of the internal processes and effective organization. It covers widely all in related to cooperation and teamwork as well as communication. (Kauppinen 2002, 76-77.)

Most companies realise that they need to develop and renew themselves and their offering to stay current in the minds of the customers. The last group includes also values such as innovativeness, creativity, and internationality as well employee related for example expertise and competence. (Kauppinen 2002, 77-81.)

Bourne, Jenkins and Parry (2019) also studied the espoused values by doing an inventory of over 500 organizations in United Kingdom and USA and mapping their espoused organizational values. They pointed out that organizations communicate their espoused values in different manners, starting from as simple as one word or a term to statements or phrases with descriptions. However, the study concentrated on the headline values and no decoding of any additional descriptions were made. (Bourne, Jenkins & Parry 2019, 133,137.)
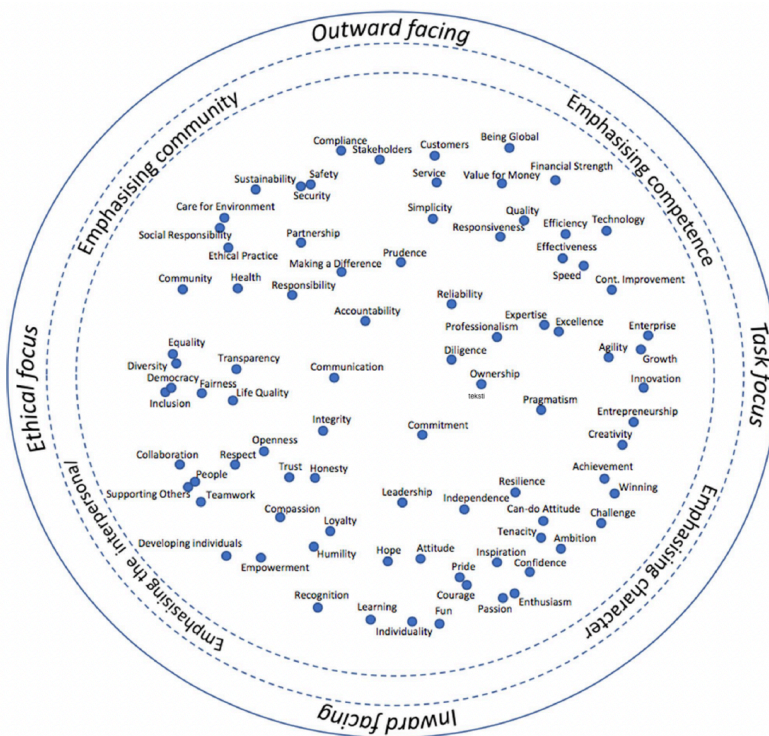

Figure 10 A conceptual map of espoused organizational values (Bourne, Jenkins & Parry 2019, 142).

The values gathered from the study were positioned on the map according to their relationship and association with each other as seen in figure 10. Similar values are clustered together, and values that are associated with several different groups are placed in the centre as for example,

commitment. There can be identified different dimensions and emphases within the map. The values on the upper part of the map such as customers and being global, are *outward phasing* values, while a on the bottom are *inward phasing* values, for example learning and individuality. On the other dimensions are *task focus,* with innovation and entrepreneurship, and *ethical focus* such as diversity and inclusion. (Bourne et al. 2019, 140-141.)

There are also four distinctive emphasis groups on the value map. Emphasis on community, competence, character and interpersonal. Emphasis on competence has values such as efficiency, financial strength, technology, and continuous improvement, similarly to those values at the first and fourth value baskets of Kauppinen (2002). Emphasis on interpersonal, has also similar values to the group of Kauppinen (2002), teamwork and collaboration are identical to group three. Emphasis on character includes ambition, confidence, and challenge. Comparing these to Kauppinen (2002) is not as self-evident as the previous ones, but could be included in several value baskets, for example ambition and creativity to development related values. Finally, the emphasis in community clusters values such as sustainability and security. (Bourne et al. 2019, 140-141.)

Comparing the results with previous studies Bourne et al (2019) noticed that most categories were repeated. However, not all, especially themes under community, for example, care for environment, social responsibility and ethical practice are not commonly found in prior materials. Similarly, these themes are absent on the previously presented categories by Kauppinen (2002). (Bourne et al. 2019, 141.)

People tend to avoid conflict with their personal values as discussed in chapter 2.3. Unlike individual values, the organizations' espoused values are a collection of values and unlike person individual can be in contradiction. Organizations can value individuality and at the same time require and value teamwork. (Bourne et al 2019, 145.)

2.5   Process for building an organizational culture

In chapter 2.2 we discussed how cultural development process can be lead. It started from analysing the current state of the culture within the organization. However, when it is a new organization in question, the culture is just starting to develop. Therefore, it should be concentrated in

how to build the culture. Nevertheless, it should be noted that culture starts to take shape since the very beginning and the sooner it will be actively led the better.

Luukka (2019) has identified four attributes that are the backbone of strong organizational culture; the organizational values, mission, and vision and how people are precepted in the organization. With the latter Luukka refers that people often behave based on how they are treated. (Luukka 2019, 176-179.)

Similarly, to Luukka (2019), Gruber (2014) also starts with company core values. He points out that values should be also reflected upon the company's product. And there should be important on how the values are implemented into the organization's everyday life, to avoid them being merely something on paper. The founders have important role and should act as an example in behaving according to the values. (Gruber 2014, 113- 118.)

Lilly and Rao (2020) reinforce the former statements, that understanding the mission is crucial as it leads to values which again leads to culture (Lilly & Rao 2020, 10:58). They also highlight what has been already pointed out previously in this thesis, that it is important to build the culture intentionally or otherwise it will build you. In other words, it is about being in charge of the culture. (Lilly & Rao 2020, 30:15.) According to Lilly and Rao changing culture is difficult once it is in a negative path. Therefore, it is essential to intentionally build and develop it. (Lilly & Rao 2020, 53:06.) Leaders and founders need to also be communicative and to be disciplined about it. The reasoning how and why decisions are made should be openly discussed and leaders should be willing to justify why a certain decision was made. (Lilly & Rao 2020, 30:15.)

To study how to implement and develop the desired organizational culture, it was examined, what aspects set apart successful organizations from others. Great Place to Work Institute has been studying since 1980s what are the elements of a good workplace and how it can be achieved. Based on their studies they have identified nine sectors which separate successful companies from others: choosing, inspiring, communicating, listening, thanking, developing, caring, celebrating, and sharing. Through these sectors leaders can build their organizational culture. (Rossi 2012, 42, 347.)

Choosing

Choosing includes everything from recruiting and hiring to the orientation of new employee. Hiring new personnel can be crucial to the organizational culture because it is not only about the new persons fit to the culture, but it also sends a message to the organization of what is valued in an employee. If new recruits' competence and behaviour conflicts with the organizations values and culture, it will send a negative message for the rest of the organization. (Luukka 2019, 254-256.) According to Anttonen (2022) recruiting is nothing less than the most important process in organizational culture and emphasizes the importance of cultural fit above everything else when hiring (Anttonen 2022, 26). People do not only pay attention to who and what kind of persons are hired but also to the ones that get promoted and are valued within the organization (Lilly & Rao 2020,53:18). It should however be noted that hiring a someone that fits the culture does not signify hiring identical people. (Luukka 2019, 256.) Some companies involve founders and team members to the recruiting process to assist with evaluating the cultural fit (Gruber 2014, 116).

Inspiring

Inspiring goes beyond motivating and engaging. It is about exciting people, having an organization with an aspirational vision and story that inspires people to be part of it. Important aspect of inspiring is trust. If people are constantly supervised and micromanaged it can restrain creativity and innovativeness. On the contrary management should lead with trust and by enabling their employees to do their job. (Rossi 2012, 87-90).

More people that organizations often want to admit are merely doing the bare minimum. In her second book Rossi (2015) compared the numbers of employee engagements based on State of the Global Workplace report done by Gallup. In 2012 the number of engaged employees was 33 % but had dropped to 13 % by 2015. At the same time, the number of disengaged employees doing the bare minimum had increased from 49 % to 63 %. (Rossi 2015, 91-92.) Today there is also a term for this phenomena, quiet quitting, meaning employees that are physically present to do their work but mentally disengaged, doing only minimum effort. In 2022 almost 6 out of 10 employees were categorised as such. (State of the Global Workplace 2023). Considering these numbers, it is

especially important to inspire employees and to get them excited. People have greater potential that is often in use and given the possibility they might reach to new hights.

Communicating

Effective communication in the most successful companies is done in three levels. The first one is speaking, which means sharing information to raise awareness (Rossi 2012,123). In some organization information is shared through removing obstacles and giving everyone access to all available data. However, it is not sufficient that employees simply have access to everything as in most organizations the amount of information can be overwhelming. People would consume a significant time of their day by searching for information relevant and important for them, not to mention that for example financial numbers as such are not self-explanatory for every employee. Therefore, despite that transparency and openness are crucial, it is important that the relevant information is curated and shared actively in an understandable way. As people learn differently, using multiple channels and forms of communication, facilitates the delivery of the message. (Luukka 2019, 335-337.)

The second level, listening, is already more interactional than just speaking. In practice it means openly discussing and answering to all questions to ensure that the other party understands the issue, its importance to his/her own work and its practical effects. Face to face discussions naturally means that the managers and leaders need to be available for the employees. This is also the case for the last level, participation, which means actively pursuing employee's ideas and feedback to involve and engage. The presence of management in the everyday life facilitates the personnel to make contact and creates opportunities to dialogue. (Rossi 2012, 123-125; Luukko 2019, 344-345.)

In all three beforementioned levels it should be noted that besides the message itself, it is also important how it is phrased (Luukko 2019, 338). Language and wordings matter in communication and ultimately affect also to organization's culture.

Listening

Listening was already mentioned as a part of the communication, but to emphasize listening on the part of management, it has been pointed out as its own. According to Rossi (2012) successful companies have found their own best practices for truly listening the employees in a continuous manner. It can mean for example, having lunch with the CEO, the management periodically participating the everyday work along with the employees or inviting them to the executive team meetings. Regardless of the means, it should fit the company culture, so it does not feel forced, but people truly feel heard and that their opinion matters. (Rossi 2012, 150-161.)

Thanking

Successful companies have a culture of acknowledging achievements. The means of thanking employees can vary greatly, and it does not signify only monetary rewards. According to Luukka (2019) in Ventrice's (2009) study over half of the employees appreciated recognitions that valued less than a dollar (Luukka 2019, 386). Simply verbally thanking the employee and thus recognizing one's success gives a person the feeling of appreciation and importance (Rossi 2015, 169). Another point that sets apart the successful organization is the amount of thanking. Every opportunity for thanking is used, whether big or small, and employees are also encouraged to thank one another. (Rossi 2012, 180-181.)

Developing

People are often said to be organization's greatest asset. To achieve getting the full potential of the employees, companies should not only offer possibilities for the employees to develop themselves but to encourage it. By creating an organizational culture that supports employees to grow and develop, builds at the same time sustainable growth for the whole organization. Successful companies do not limit their employee's development to only their current post, but as a part of wider learning, that can also offer possibilities to move along within the organization. (Rossi 2015, 192-197.)

Caring

Caring is about accepting people not only as an employee, but as a person and taking care of their well-being. It is about work-life balance and meaningful work. Sustainable and successful business is built on the welfare of the people and positive organization culture. Rossi (2015) points out that it can have positive effects for example on lower than average sick leaves and high employee engagement with less turnover. (Rossi 2015, 208-209, 221-223.)

Celebrating

The best workplaces are constantly looking for successful cases and people within the organization that can be celebrated. Instead of only communicating to the personnel, for example of successful sales, it is celebrated in an original way, that fits the culture of the organization. Celebrating together allows everyone in the organization to be part of the success which strengthens the feeling of having a common goal. Celebrations go also further than just special successful cases. Having regularly different types of events and occasions, also outside the office, can reinforce the team spirit, create positive atmosphere, and affect the employee satisfaction. It should also be pointed out that according to the Great Place to Work studies, the organizations with satisfied employees are also financially successful. (Rossi 2015, 240, 249-252.) Celebration can also be used to learn from mistakes, as Leanware company, which has created "Failure Celebration". Their intention is to facilitate employees to discuss and reflect on their mistakes and failures to make them a learning experience. (Rossi 2015, 255-256.)

Sharing

Rossi (2012) has divided sharing into two parts, rewarding and social responsibility. Discussion on rewarding employees is often limited to monetary rewards, such as salary and bonuses. It is important that the salary is considered adequate and fair compensation of the work (Luukka 2019, 359). However, discussion in additional rewarding, sharing success in a different form can have even greater impact for employees. For example, having additional vacation days, sports and healthcare benefits, or free lunch, can be strong signals for employees that they are valued. Therefore, organizations should find the right combination of monetary and other forms of rewarding.

(Rossi 2012, 293-295.) Sharing does not apply only for employees but is seen as a broader theme that also effects the environment the organization operates. For successful companies' social responsibility is a natural part of the operations. (Rossi 2015, 277, 280.)

3   Implementation

In this chapter the chosen research strategy and method are introduced. The chapter will also include the research data collection and analysing the data. As discussed in the first chapter of this thesis the main research question is:

1. What are the values that the personnel of the commissioner company want to base their organizational culture?

And the two sub research question are:

1. How to develop desired organizational culture?
2. What is the process of creating organizational culture?

The research data collected and analysed in this chapter is to find an answer to the main research question. The research strategy is action research, and the data is collected using qualitative method. Action research was chosen as it supports the aim of the research, which is to involve the people of the company to the process and to steer their behaviour based on the results (Jyrkämä n.d.).

The main source of data in this thesis was collected from workshops with the personnel of the commissioner company. The data was gathered by observation, using a participant observation method. It is a form of observation where the researcher participates the activity as a member. It is used in cases where the researcher is a part of the community for example, conducting research at his/her own organization, as is the case with this thesis. (Puusa & Juuti 2011, 103; Valli & Aaltola 2015, 153.)

The goal for the workshops was to clarify the mission and vision and most importantly for this thesis, to agree on values the organizational culture will be built on.

As discussed in chapter two, the process of developing organizational culture, starts with analysing the current state of culture in the organization. However, according to Schein (2009) culture is developed overtime through shared experiences and as the company was establish during this thesis process, the culture was only starting to form (Schein 2009, 44). Therefore, the current state was not analysed at this point, but the organizational culture development was started by defining the desired culture through organizational values.

3.1 Action research

Action research is not a research method but a research strategy that combines research with practice. It aims to solve practical problems and creating change by researching and developing action. (Kananen 2014, 11-14; Valli & Aaltola 2015, 204-205.)

Table 2 Differences between qualitative, quantitative and action research (Kananen 2011, 148, adapted; original Kananen 2009).

	Qualitative research	Quantitative research	Action research
Objective	Understanding Interpretation	Cause-effect relationships Forecasting	Change Development of activities
Theory/practice relationship	Induction From practice to theory	Deduction From theory to practice	Abduction Theory/practice interaction
Researcher's role	Outsider Participant (possible)	Outsider Observer	Active actor Change agent
Conception of man	Holistic	Atomistic	Holistic Self-directive
Conception of knowledge	Interpretative	Technical	Critical Emancipatory
Research questions	Open	Structured	Mostly open
Answers to the research questions	Descriptive	Quantitative, numbers	Mostly open

Distinctive to action research is its collaborative approach. The practitioners are involved in the research, actively participating instead of being the objects or subjects of the research. They also interact with the researcher who is not an outside observer, but instead is actively involved in the process. (Saunders, Lewis & Thornhill 2009, 147; Coghlan & Brannick 2005, 4.) In scientific

research commonly, the researcher is not to be affect the studied phenomena, however action research makes an exception (Kananen 2014, 16).

Action research is a process commonly described as a funnel or spiral, where at its simplest is three phases, planning, taking actions and monitoring. (Kananen 2014, 14). Saunders, Lewis and Thornhill start the process with a specific context and purpose and each spiral has diagnosing phase before planning, as seen in figure 11. Following spirals are affected by the evaluation of the previous one and plans are therefore modified before the next actions. (Saunders et all 2009, 147-148.)
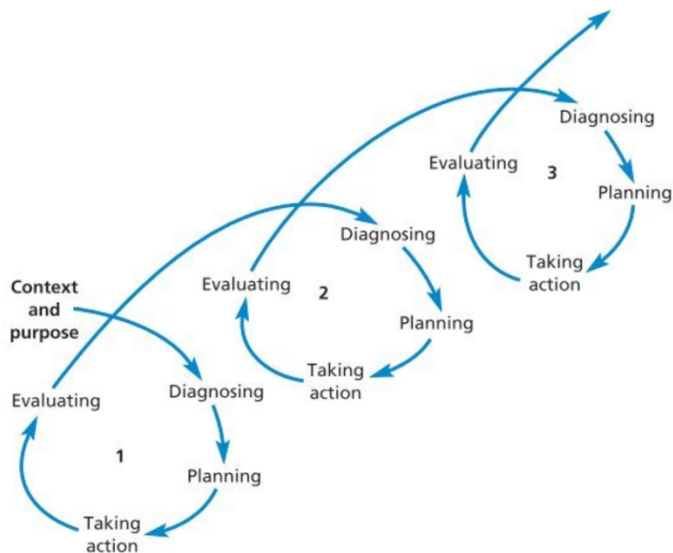
Figure 11 The action research spiral (Saunders et al 2009, 148).

Heikkinen (2015) highlights reflective thinking as part of action research and instead of evaluation, has observation and reflecting as one phase of the spiral. The aim with reflective thinking is to understand one's own behaviour and reasoning behind it in pursuance of changing behaviour by new ways of thinking. (Valli & Aaltola 2015, 211.) The spiral is critiqued for making the process appear to be constantly moving forward phase by phase for the better, when in fact the phases are overlapping, and the process might also regress. Furthermore, often during the process another context appears, that turns out to be significant enough or even more prominent that the original one and create a side cycle. Therefore, the researcher should not follow the spiral too excessively. (Heikkinen & Kaukko 2023, 26-27; Valli & Aaltola 2015, 213.)

This thesis does not cover the whole action research cycle. This thesis studies the process of developing organizational culture and researches the organizational values that the commissioner company's personnel want to base their culture on. The values are created together with the personnel in the workshops, documented, phrased as value statements, and communicated and validated again with the personnel to ensure that the values are shared by everyone and can be used to guide the personnel's everyday life. However, due to the limited timeline of the thesis process the evaluation or observation phase of the action research cycle are not included in this study. Therefore, one might question if this study fulfils the requirements of action research. However, two aspects typical of action research speak for it; the active role of the researcher in this studied phenomenon and the aim to development and create a change in the organization.

3.2   Data collection

As explained in the previous sub chapter the data was collected by using qualitative method through workshops. The company had planned to organise strategy workshops, which were natural occasion for covering organizational values. The strategy workshops were divided into three sessions which were held in three consecutive weeks, during October 2023.

The workshops were facilitated by one of the founders who is leading the strategy work in the company. The company includes five founders and shareholders and one employee, who were all invited to the workshops. As one of person works from abroad, the workshops were held remotely in Teams. The whole personnel had been participating remote workshops previously and the company held regularly different types of meetings online. Therefore, all participants were familiar and used to work with Teams as well as Miro, which was the chosen tool to be used in the workshop. Miro offers whiteboard-like environment that has various templates for collaborative working and was considered the proper working tool for the workshop.

Workshop 1

The first workshop was held in the beginning of October 2023. The purpose of the first workshop was to discus and make preliminary definitions on vision, mission, and organizational values. In addition to the calendar invitation and agenda, the participants were instructed to prepare for the workshop by pondering the following two questions:

1. First, where do they see the company in five years?
2. What kind of values would you like to have in the company?

It was collectively agreed that the workshop was recorded. It served my work as a researcher and thesis writer but also the company to preserve the strategy work. Everyone was able to participate the workshop, however, one person had to leave early and was not able to present the entire time. In this case, the recording of the workshop also enabled the person in question to watch the rest of the workshop afterwards. The duration of the workshop was three hours.

The workshop started with the facilitator giving a short introduction of the theme and purpose of the workshop, continuing with the agenda. The workshop had three main topics, the vision, mission, and values. Each topic was approached in similar manner. First, short introduction and definition on the topic. As participants had different level of knowledge and experience regarding strategy work it was important to ensure a common understanding on what was being done. Introduction was followed by individual work for approximately 10 minutes, which was prolonged with a few minutes, if participants had still unfinished ideas. Work was done with virtual post-it notes, which was followed by clustering the written answers into similar groups and discussion on both the content of the notes and the clustering. Additionally, the value clusters were also preliminary ranked by importance. Each part was closed with reviewing of what had been done and achieved.
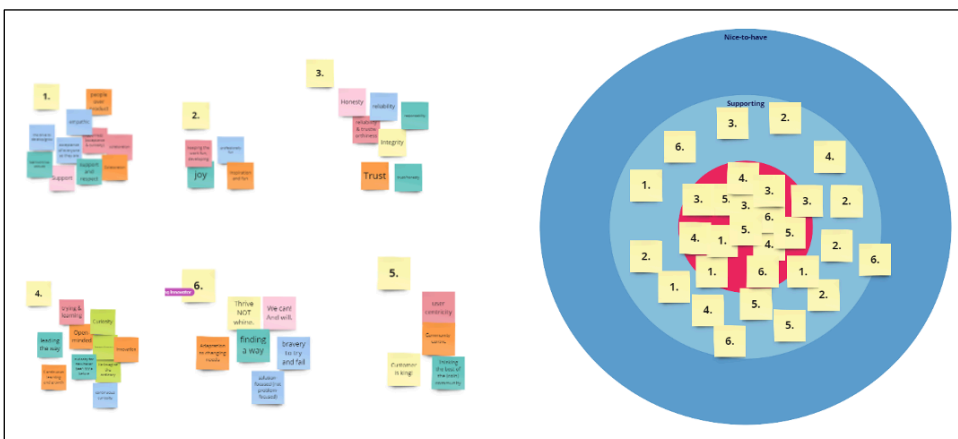

Figure 12 Miro whiteboard in workshop 1.

Workshop 2

The second workshop was organized one week after the first one. The workshop was structured with short recap of previous workshop and what had been achieved. The purpose of the workshop was to finalize the vision and mission statements. Regarding the organization values the work continued with summarizing the different value groups into compress value statements and prioritizing them as core and supporting values. Apart from one person, everyone from the organization participated the workshop. The workshop was again recorded. The duration of the second workshop was one hour.

Workshop 3

The values statements were discussed and validated in the third and last workshop. All members from the organization participated the workshop, which was important, to ensure that the values are shared and agreed by all members of the company. The duration of the workshop was one hour, and it contained also additional strategy work, besides the value validation that was done in the beginning of the workshop.

3.3   Data analysis

As discussed in the chapter two of this thesis when organization culture was studied, the vision and mission are also part of the organizational culture. The research question in this thesis was to study the values that the commissioner company wanted to have as base for the organizational culture. Therefore, the data analysis concentrates on the value work that was done at the workshops. The values however were impacted by the mission and vision, which we discussed and defined in the workshops.

Collecting data and analysing it are closely linked. It is typical for qualitative research that data is collected in several phases and it is being analysed throughout the research process. Similarly in this thesis the material collected from the workshops was analysed in between the workshops. According to Puusa (2011) it makes the process agile as it permits adjusting and making changes if needed already during the data collecting phase. (Puusa & Juuti 2011, 114-115.)

The first phase of analysing the research data was done based on the values the participants had identified as their desired values for the organization. The values were clustered into groups by themes during the workshop together with the participants. It enabled discussion on how to manage values that could be part of different clusters and on values that left room for interpretation. The clustering resulted in six different value groups.

After the workshop all the material from the Miro whiteboard was gathered and documented into Microsoft word document. All the values were inserted into table by the clusters. The participants had written a total of 41 different post its. Similarly, to how organizations communicate their values as pointed out in chapter 2.4., espoused values segments, the answers of the participants also varied from one word, for example, *support*, to short phrases, such as, *acceptance of everyone as they are*. There were similarities in the answers with difference in wording, and two identical answers, which was *collaboration*.

When studying the post it notes individually, the following findings were made. Two notes had two words in them that can be considered synonyms, for instance *reliability & trustworthiness* and seven post it notes included more than one value. For example, *support and respect,* and *continuous learning and growth*. Reflecting with the conceptual map of espoused organizational values by Bourne et al. (2019), the former values are placed in proximity and are closely associated with one another. Thus, it is understandable that a participant has included them into one note. The latter can be interpreted in two way, as continuous learning that leads to growth or as two separate topics, continuous learning, and continuous growth. By both interpretations they are clustered into same group, so the note can maintain its double meaning and there is no need to separate them.

Comparing the values to the conceptual map of espoused organizational value by Bourne et al. (2019) it was noted that 19 of the values can be found at the map as seen in yellow in figure 13. The values are focused on the lower left corner, with eight out of the 19 values located on the internal facing with ethical focus and emphasising the interpersonal. Four out of 19 are on the internal facing with emphasising the character and shifting towards task focus. Rest of the values are more scattered around the conceptual map.
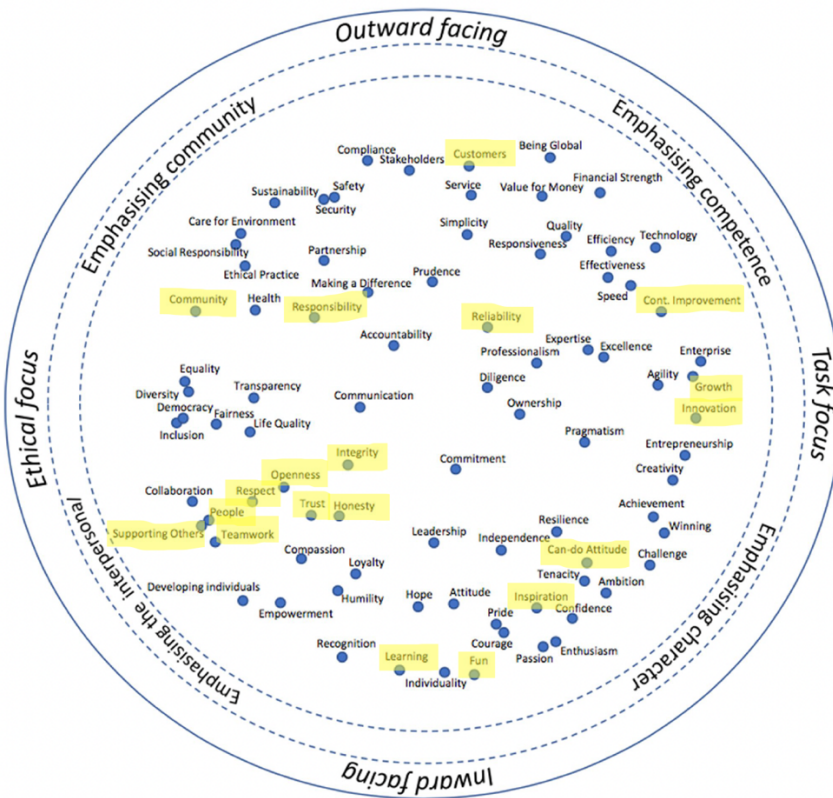
Figure 13 A conceptual map of espoused organizational values (Bourne et al. 2019, 142. adapted).

In the values written by the participants community was mentioned twice. However, it should be pointed out, that within the company the customers are commonly preferred to as community, due to the nature of the business. As customer and community are placed in rather far apart in the conceptual map, it can be understood that in that context community is wider concept than customers.

Next phase in analysing the data was to identify the themes of each group and to prioritize them based on the individual ranking done in the first workshop. The number of values in different organizations vary often between three to six. Aaltonen, Heiskanen and Innanen (2003) recommend between two to five, ideally three (Aaltonen, Heiskanen & Innanen 2003, 97). According to Kauppinen (2002) it would be beneficial to have values from each four value baskets (Kauppinen 2002, 86). In the study of Bourne et al. (2019) based on the number of values and organizations in their research, average organization in UK had just under five values and in USA just under six. (Bourne et al. 2019, 137). The aim in the commissioner company was to select three to five values. The ranking in the workshop was done placing the groups in a circle with three levels, core, supporting

and nice-to-have. The aim was to identify the most crucial values and at the same time recognize possible less valued themes that would rank in the outer circle. The result of the ranking can be seen in table 3. No value groups were placed in the nice-to-have sector in the outer circle, and the differences were altogether rather small. One participant pointed out, that as almost every theme contained values from each person, it did not make sense to place your own value to the nice-to-have sector. Therefore, it was discussed and agreed that all groups or value themes are to be kept as values for the commissioner.

Table 3 Value clusters and themes.

Theme	Sample of values from the notes of participants	Value group based on the value baskets by Kauppinen (2002)
1. Mutual trust	Honesty Integrity Trust/honesty Reliability & trustworthiness	Cooperation values Customer values
2. Innovation	Innovativeness Continuous learning and growth Curiosity for new/never been done before Re-imagine the ordinary Trying & learning	Development related values
3. Serving the customer/user	User centricity Customer is king! Community centric	Customer values
4. Making work fun	Joy Inspiration and fun Keeping the work fun	Cooperation values
5. Working together	Support and respect Collaboration Emphatic Acceptance of everyone as they are	Cooperation values
6. Solution-oriented optimist	Finding a way Solution focused (not problem-focused) Adaptation to changing needs	Development oriented values

There were many similarities in the values each member had provided, making the groups quite coherent. Therefore, the themes of each group were somewhat clear. In table 3. are presented the themes with examples of values including in each group. The groups are also ordered based on the ranking done in the first workshop. First groups focus is on collaboration and interpersonal relationships including for instance values such as acceptance, support, and teamwork. Second group is in regards of making work fun and joyful. Third group is about trust, through honesty and integrity. Following, fourth group comprise innovative related values, for example, curiosity for new and re-imagining the ordinary. Fifth group includes customer related values, and lastly the sixth group is about solution-orientation.

The themes were also reflected through the four value baskets by Kauppinen (2002) that were discussed in chapter 2. Not every organization needs to have values from each category, but it should be acknowledged and understand the reason why. (Kauppinen 2002, 86.) In table 3 the value themes are reflected with the value baskets, and it can be noted that some of the baskets are represented more than once, and one basket is absent. Themes one, four and five can be considered as *cooperation values*, however the theme one, *mutual trust*, can be also part of *customer values* as the value answers were generically about reliability and honesty. *Customer value* was strongly present in theme three. *Development related values* were covered in themes two and six. The only value basket missing from the themes was financial values. The absent of this specific basket can be related to the discussion of the values which was often focused on interpersonal relationships and the product. As the commissioner is a new start-up the emphasis can in the beginning be in creating and developing the product which will lead to profitability.

Values should be shared and accepted by the members of the organization. Therefore, it was important that the values were validated at the final workshop with every member of the organization. The wording of the values is also important to ensure that they are understood correctly and that the true meaning is not lost due unfavourable choice or terms. (Kauppinen 2002, 86-87.)

4 Results

This chapter presents the results and findings of this thesis as well as answers the three research questions. The first sub chapter covers the main research question: What are the values that the personnel of the commissioner company want to base their organizational culture? It will cover

the chosen organizational values determined in the workshops. The main research question is fol-
lowed by the results of the two sub research question (1) how to develop desired organizational
culture? and (2) what is the process of creating organizational culture?

4.1 Organization's values

The commissioner company held three strategy workshops in the autumn of 2023 and defining the
organizational values were included into the workshops. Successful organizational culture requires
shared value base and therefore it was important to give everybody in the company the possibility
to participate, contribute and ultimately validate the output. In the first workshop all participants
identified values they considered important for the company and should be included into its val-
ues. Those values were then clustered into six different groups under common themes. In the data
analysis the value themes were compared with the values of the conceptual map of espoused or-
ganizational value by Bourne et al. (2019) and the values baskets by Kauppinen (2002). In the com-
parison it was noted that the values and the value themes of the company were similar to those of
the beforementioned studies. 19 out of the 41 written values were found at the conceptual map
of espoused organizational value. And the themes correlated with all the value baskets, with one
exception. As discussed in the analysis of the data, the lack of the financial value basket may be
linked to the conversation centred around interpersonal relationships and the product. Given that
the commissioner has been only recently established, the initial emphasis may be on advancing
the product to achieve profitability.

These groups were ranked in the first workshop according to their importance, each participant
ranking them individually. As every participant had their values in nearly all groups it was not that
big of a surprise that all answered were in the two inner circles representing importance and leav-
ing the outer nice-to-have circle empty. The initially idea was to choose three to five values, how-
ever it was mutually agreed that all groups were considered intrinsic, hence all six were kept as
the organization's values. Nevertheless, there were some values that were considered more es-
sential than others and were therefore chosen as core values, completed by supporting values.

For values to be beneficial, it is essential that everyone can comprehend the significance of the
values for their own work. Consequently, they should be practical enough. (Villanen 2022, 53). The

six value themes were rephrased to value statements, to explain them further and make them clearer to ensure that they can be applied in practice with more ease.

The three core value statements are:

Mutual trust: We prioritize transparent and truthful communication, consistently delivering on commitments, taking accountability for our actions, being dependable, and upholding ethical principles.

Wide-eyed discovery over the status quo: We prioritize trying and learning, curiosity, open-mindedness, and paving our own way. We continuously seek new and never-done-before solutions, reimagining the ordinary with a sense of continuous curiosity.

Serving the customer and our community: Serving the customer, let us prioritize user-centric and community-centric approaches, always thinking about what's best for the community. We strive to meet their needs and exceed their expectations.

The core values are complemented by the three following supporting values:

Making work fun: We prioritize creating a joyful and inspiring work environment by combining professionalism with a sense of fun. For us, fun doesn't mean easy as many of the most fun experiences come from the hardest of challenges.

Working together to create the best solutions: We believe in putting people over products and fostering an empathic work environment. We value the drive to develop and grow, accepting everyone as they are and promoting openness and curiosity.

Brave, solution-oriented optimism: We embrace the mindset of resilience, adaptability, and a positive future outlook. It means thriving in challenging situations instead of complaining, embracing a "can and will" attitude to tackle obstacles head-on, and consistently finding creative solutions to problems. We expect everyone to have the courage to take risks, learn from failures, and adapt to changing needs.

4.2 Developing organizational culture

Upon the establishment of a new organization, it is important to consider the organizational culture right from the inception. Often in literature the organizational culture process however concentrated in changing and developing culture in existing organizations that either had challenges and needed more positive and functional culture or were facing changes such as mergers between two companies. Therefore, in many frameworks the processes start with evaluating current culture which will then be reflected with the desired culture to find out the gaps and development areas. (Brown 1998, 164; Kulmala & Rosvall 2022, 88-90.)

Building a culture for a new organization starts with defining the desired culture though the company's organizational values, mission, and vision as seen in figure 14. The employees should be included in the process. Especially in small organizations such as the commissioner company where the number of people is still small it is possible to involve everyone. People are more invested and committed when they have been given the opportunity to affect the outcome. (Aaltonen et al. 2003, 130-131.) After the organizational values have been defined and validated, they need to be clearly communicated within the organization and kept visible in the everyday, so that they become familiar to all employees, and they can base they actions and decision to the values.
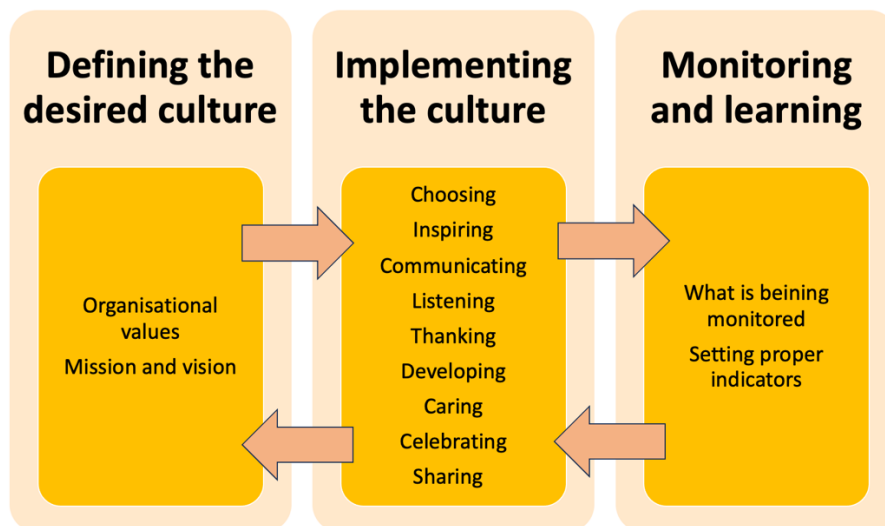

Figure 14 Process of developing organizational culture.

The values are to be systematically implemented to the organization. Being in the initial stage of its existence, the commissioner is creating its customs and policies and develops its processes, and they should all embody the values. Every operational decision should be aligned with organization's values. The nine aspects of successful organizations by Great Place to Work that were discussed in chapter two, are listed in figure 14. Following, the chosen organizational values are briefly reflected in these nine areas.

Choosing: Clear and honest recruitment and promotion processes that ensure potential employees gain an accurate understanding of the company. Existing employees comprehend expectations and the rationale behind recruitment and promotion decisions. Those decisions should be aligned with the values, for example, curiosity, open-mindedness, user-centricity and adaptability as presented in the previous sub chapter.

Inspiring: The company seeks new and never-done-before solutions and prioritize trying and learning, curiosity and open-mindedness. Fostering trust among team members, encouraging risk-taking, learning from failures, and adapting to evolving needs. Prioritizing to create a joyful and inspiring work environment by combining professionalism with a sense of fun.

Communicating: Emphasizing transparent, truthful, and ethical communication within the company and with external shareholders. Demonstrating respect for others' work includes effectively sharing necessary information and being reliable.

Listening: Fostering empathic and accepting work environment that gives everyone the possibility and courage to adduce even difficult topics. Finding its own best practices to enhance and easy the communication between all members.

Thanking: Prioritizing people over product and fostering an empathic work environment, where people support, respect and appreciate each other and are encouraged to acknowledge each other's success. Developing transparent and fair ways to thank and reward.

Developing: Foster a culture of learning and personal growth. In the pursuit of innovative and never-done-before solutions, continuous self-development is crucial for individuals within the company.

Caring: Holding the belief that people come first, placing emphasis on creating a compassionate and joyful work environment. Appreciating the journey of personal development and growth, embracing everyone for who they are, and fostering an atmosphere of openness and curiosity.

Celebrating: Prioritizing creating a joyful and inspiring work environment. Finding its own customs to acknowledge and celebrate each other's success and significant occasions.

Sharing: Developing transparent, honest, and fair ways to reward and share the wealth. Upholding ethical principles and social responsibility.

In implementing culture to organization, it is essential to re-enforce behaviour that is based on the values and according to the organization's culture and to intervene actions that contradict the desired culture (Lilly & Rao 2020, 32:29). Especially as a new company the behaviour of leaders and founders is crucial. Schein (2009) has listed different mechanisms that affect to the success of creating culture. The primary mechanisms are especially important to young organization while the secondary mechanisms increase their importance in the later stages. (Schein 2009, 113-114.)

Exhibit 10.1

How Leaders Embed Their Beliefs, Values, and Assumptions

Primary Embedding Mechanisms
- What leaders pay attention to, measure, and control on a regular basis
- How leaders react to critical incidents and organizational crises
- How leaders allocate resources
- Deliberate role modeling, teaching, and coaching
- How leaders allocate rewards and status
- How leaders recruit, select, promote, and excommunicate

Secondary Reinforcement and Stabilizing Mechanisms
- Organizational design and structure
- Organizational systems and procedures
- Rites and rituals of the organization
- Design of physical space, façades, and buildings
- Stories about important events and people
- Formal statements of organizational philosophy, creeds, and charters
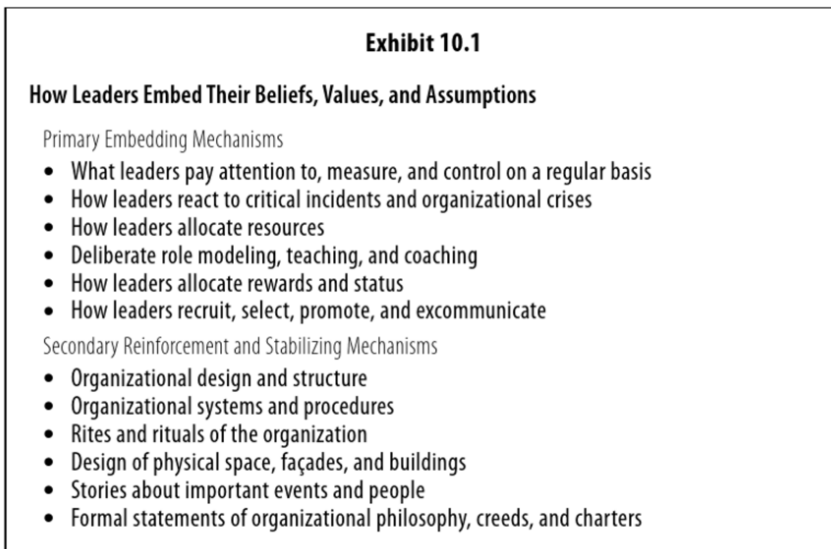
Figure 15 How Leaders Embed Their Beliefs, Values, and Assumptions (Schein & Schein 2017, 183).

Developing culture is constant ongoing process that needs also monitoring. For the purpose of evaluating the development, it is important that the organization defines what it wants to monitor and sets the proper indicators. Monitoring and reflecting the indicators to the operations, the organization can identify possible challenges and risks as well as recognize successes. That allows the organization to learn and adapt and modify its operations and processes if needed. The development process is a cycle and as the organization learns and modifies its operations it might need to also revisit the desired organizational culture. Especially during significant changes within the organizations, it is beneficially to evaluate how they might affect the culture.

5 Discussion

The objectives of this thesis were to study how to develop desired organizational culture in a new start-up and what is the process for the development as well as to define the organizational values the commissioner company wants their culture to be based on.

The development of organizational culture and its process were studied through literature review. The process of organizational culture as seen in figure 14 in chapter 4 is concentrating on defining the desired culture, implementing it, and then monitoring and learning. In chapter 2.2. presenting process of leading cultural development, the process started with analysing the status of the current culture. Depending on the development of the commissioner company, its growth, or other

significant changes it might be worth considering analysing the culture later on. However, it should be carefully considered as it takes a lot of energy and resources if done thoroughly (Kulmala & Rosvall 2022, 91).

The research was done using action research, as it aims to solve and improve practical real-life issues (Valli & Aaltola 2015, 204). Reflecting on the four stages of action research cycle, as seen in figure 16, this study concentrated on the first phase, planning. That stage is constructive, forward looking and is done with the participants of the process, creating a plan which will then be executed on the following phase. (Heikkinen & Kauko 2023, 24-25.)
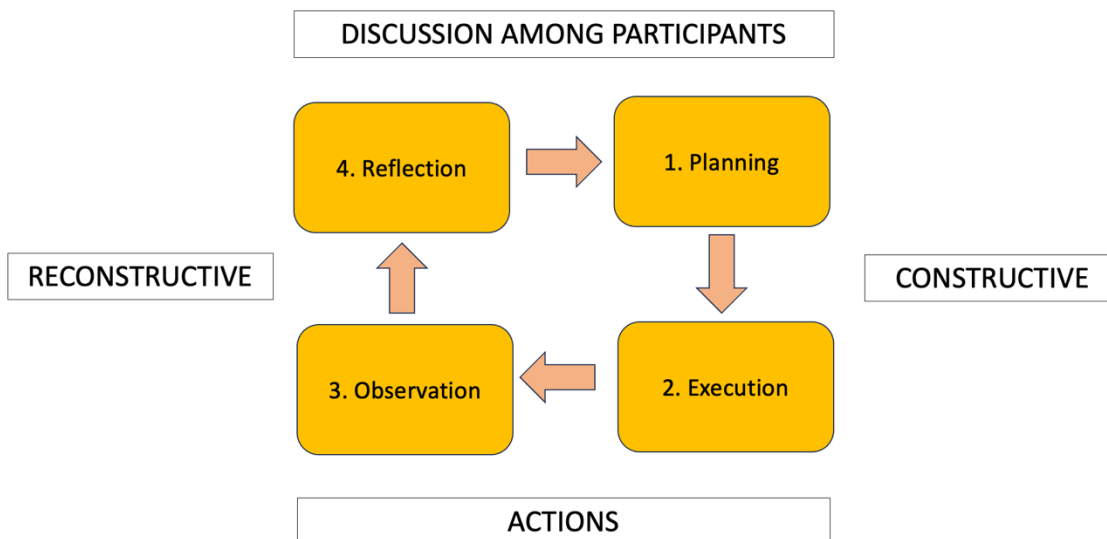

Figure 16 Action research cycle (Heikkinen & Kaukko 2023, 25, adapted).

In this study the planning part included the research in defining the cornerstones of the organization culture, the organizational values, with the commissioner company's personnel. The definition of the values was included into the strategy work of the company, which proved to be a good solution, as the values are linked to the mission and vision. The mission of the organization, the reason of its existence, and the destination, vision, also affects to the organizational values, and therefore was logical to discuss them at the same time. (Huuhka 2010, 94-96.)

Reflecting the agreed organizational values to the Bournes' and Jenkins' (2013) framework of organizational values it could be argued that they can be considered at the same time both

espoused and aspirational values. They are both desired values, espoused values represent intentional values from the senior management and aspirational values what in employees mind should be the values. The difference of the two values is in the location of the organizational structure. (Bourne & Jenkins 2013, 502-503.) Due to the small number of people and a flat structure of the commissioner company, the two groups overlap. Five out of six people participated the workshop where desired values were first defined individually and then clustered into themes. Almost all themes included values from each participant and therefore most, if not all of the values originate from the whole team.

The research would have continued to the execution stage, which is constructive similar to the planning but differs in functionality as it is actional as seen in figure 16. However, the research was finalised after the first stage due to the timeline and scope of the thesis. Due to the missing phases of the action research cycle, the decision to choose action research could be questioned. The two elements characteristic of action research, however, support the decision. The objective of this thesis was to develop and change the organization together with the people from the organization and I as the researcher was actively involved. Even that the research has already finished, and the thesis will be completed, the developing of the organization culture will continue in the commissioner company and the values will be implemented into the organization.

The limited timeline of the thesis project caused some limitations to the study. I was not able to include to this thesis any further planning for the implementation of the organization values nor include the implementation process itself of the organizational culture to the commissioner company. Therefore, it is not possible to evaluate the success of the organizational values in action in the operations of the commissioner company nor the development of the culture.

The commissioner being a new company, in describing the starting point of the cultural development, the word *create,* has been used. However, it should be pointed out, that culture cannot simply be created as desired. As discussed in this thesis, culture can be led and managed towards the desired culture, by emphasizing and reinforcing the aspirational behaviour and intervening opposite behaviour. Nevertheless, culture develops over time and there are several different aspects effecting it, which are not all under the leader's control. Ultimately the success of the company will also determine the success of the culture. (Schein 2009, 203-204.)

5.1   Reliability and ethicality

When analysing the reliability and validity of a research, the concept of reliability refers to the consistency of the research. Should the research be redone the results should remain the same. However, in qualitative research it often means the similarity in interpretation by researchers, in other words, absent of contradictory. The validity concept means that the study research the adequate matters in relation to the research questions. It includes choosing the correct research method and indicators. However, these concepts were developed for natural sciences and while they can be applied in quantitative research also in social sciences, they cannot be use as such in qualitative research nor in action research. (Kananen 2011, 66-67; Kananen 2014, 126, 131.) According to Kananen (2014), Guba and Lincol (1981) have identified four aspects for the reliability of qualitative research (Kananen 2014, 132). This thesis was done using action research, but as the data was collected through qualitative method in the workshops, I will argue the reliability through the four aspects of qualitative research and reflect them with action research.

Credibility in qualitative research can be validated only by the object of the research, which can be achieved by going through the results with them. There is a risk that the participants of the research do not agree with the results. In case of a discrepancy in the interpretation, it needs to be examined, as there might be misunderstanding in the questions by the participant, or they might have changed their mind. It is also possible that the subject is sensitive, and the participants do not want to publicly validate the results. (Kananen 2014, 132, 135). In this study the results of the organizational values were gone through and validated in the last workshop with the participants. Therefore, the results of the workshop, in other words, the values of the organization can be considered credible. In action research the credibility is approved by careful documentation of the project. The researcher should document the results, methods, and data collection, including the reasoning for decisions made. (Kananen 2014, 134.)

Transferability refers to the ability to apply the results in other cases and circumstances. It requires clear documentation of the research design, which will be used by the other researchers. However, transferability or generalisation is not the goal of qualitative research. In regards with action research, it only applies in exceptional cases as the results of action research are considered to be valid only in the research in question. (Kananen 2014, 132-133, 135.) In this study the outcome of the research was the organizational values which can apply only to the commissioner

organization and therefore is not transferable. Nevertheless, this thesis also studied the process of how to develop an organizational culture for a new start-up, which can be applied to other similar organizations as well.

Dependability means ability to get same results if replicating the research. In qualitative research it refers rather to whether other researchers would validate the results. As mentioned earlier in this chapter there should not be contradictory regarding the results. Documentation plays a key role in dependability as it will allow other to validate the results.

Confirmability in other hand refers to the consensus on the results by other researchers and whether other researcher would reach the same results. (Kananen 2014, 133.) Both dependability and confirmability will require other researcher to study the thesis and its research material to validate it.

Every researcher is bound to consider the ethicality of their research, covering the whole process, planning of the study, implementing the research, and reporting as well as the influence of the researcher to the society. Research ethics is guided by both principles and regulations agreed by the scientific community as well as legislation. Researcher should not only be aware and follow these beforementioned guidelines and rules but keep in mind that ethics also requires the researchers own deliberation regarding the ethics of their research. In addition, action research requires understanding of the discussion within the action research. (Heikkinen & Kaukko 2023, 137-138.) Using action research and participant observation method to gather information in this thesis, I as the researcher, was not objective observer but an active participant in the data collection. Therefore, the information is not objective as in traditional research, but subjective interpretation. As a part of the commissioner company my aim at the workshops and data analysis has been to take all participant and their input into account to avoid self-emphasis and to include everyone and their voice in this thesis. (Valli & Aaltola 2015, 214.) This is important aspect to be pointed out in regards with transparency.

There are three categories in the research ethics rules. First one is the human dignity of the participants. The researcher should respect the people by providing them the needed information in understandable way, to ensure they can make informed decision to participate. The researcher

needs to respect the people's right to decline participating as it should always be based on voluntarily. There should not be pressure or bribe to participate. (Heikkinen & Kaukko 2023, 144-145.) The research of this thesis was done respecting the privacy of all the members of the commissioner company. The participants in this study, were informed about the thesis, and it was not obligatory to participate to the information gathering. No personal data was collected during the research. The workshops were recorded with the approval of the participants and besides this thesis it also serves the documentation of the strategic work of the organization. The material will be stored by the commissioner organization.

The second category is regarding searching the truth and the reliability of the information. The research should be transparent, the information gathered by using proper methods and the information based on facts, not untruth or personal opinions. It is important to respect the original materials and have clear and specific references and citations. Not only intentional but also unintentional plagiarisms is forbidden, and therefore it is crucial to have proper differentiations between one's own text and citations. (Heikkinen & Kaukko 2023, 147.)

The last category is in regard of the relationships of researchers. If more than one researcher is involved in the research, it needs to be adequately included in the reporting and communication. It includes also people that contribute to other forms than writing, for example in information gathering. (Heikkinen & Kaukko 2023, 148.) In this thesis, some of the members of the commissioner company contributed to the research also besides of objects of the research. The data was collected as part of the strategy workshops and therefore planning, and facilitation was conducted by a person in charge of the strategy work.

This study has been done according to the ethical guidelines provided by the Jamk University of Applied Sciences. The topic has been studied through various different sources from traditional print sources, such as books, articles and academic journals to internet sources, for example websites and webinar.

5.2   Conclusions and development proposals

Organizational culture is an ongoing process as discussed in the chapter 2 and the commissioner company is only in the beginning of its cultural development journey. The foundation, the

organizational values, have been identified and agreed and now the work of implementing them into the everyday work begins. It is a complex process and implementing takes time. The culture needs to be taken into consideration in creating customs and policies and developing processes within the organization. As a new company, the commissioner is still creating and finding best practices for processes which gives the opportunity to reflect the values and the culture already at the beginning.

As the company grows and the number of employees increase it might also become more diverse. To ensure inclusive work environment, people should not only be accepted as who they are, but it is also important to understand, among other things, their national differences. The dimension of national cultures by Hofstede discussed in chapter 2, adduced the many differences that should be taken into consideration. (Hofstede et al 2010, 24-26.)

Most organizations document their strategy and procedures, but their organizational culture is still often left undocumented (Huuhka 2010, 110). One way to document and communicate the organizational culture and its values is a culture handbook or a guide. It clarifies the culture, combines all the relevant areas, describes what is important for the organization and answers the questions what, why and how. (Kulmala & Rosvall 2022, 164; Futurice 2023; Smartly.io, n.d.) The commissioner company has raised an interest in creating a culture handbook and it could benefit from having one, as it can be useful especially in companies with growth potential and possible scaling in the future (Hakulinen & Hämäläinen 2020).

Culture handbook is not only for the current employees in the company but can also serve as a guide for new recruits. It benefits all parties if the new employee can learn about the culture through a handbook or a guide instead of having to learn it by themselves, which will often include also learning from mistakes (Huuhka, 2010, 110). To create positive company and employee brand the culture handbook can also be made public. For example, Finnish SaaS company Smartly.io made their handbook public and it has had a big impact with recruiting (Hakulinen & Hämäläinen 2020).

For me the most important learning of this research and thesis process was the importance of organizational culture and its effect to the people, their well-being and ultimately for the overall

success of any organizations. And as every organization has a culture, which emerges and evolves naturally over time, whether it is acknowledges or led, it is crucial to actively lead it or it will lead the organization.

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