Hierarchical perspective on organizational identity

A comparative case study of two IT-companies located in Oslo

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Title

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Abstract

This thesis aims to investigate how financial and/or employment growth affects the organizational identity in small and medium sized IT-companies located in the Oslo-region. I also aim to point out how organizational identity is viewed differently depending on the hierarchical position and how what impact hierarchy has on values and roles affecting the organizational identity. This comparative case study of previous entrepreneurial companies, view themself in the perspective of organizational identity. The data was collected from in-depth interviews of multiple layers of the hierarchy of four IT-companies and comparable data from three start-up labs. Literature on *Organizational Identity* has been used as a background material.

Key Words

Organizational identity, *hierarchical structure*.

Foreword; Acknowledgements

I would like to thank my supervisor, Erling Martmann Moe, for sharing ideas, aiming the research onto an academic direction and for using his business network from the start-up industry to put me in contact with his friends. His powerful network gave the research a strong push, thanks to his good connections.

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1. Introduction

1.1 Background

The term "culture" appeared to be used in Europe in the 18th and 19th centuries to explain a process of cultivation or improvement. The definition of culture contains several divergent definitions, but is especially used to describe human activity as a group of people. Culture is described as the inherent knowledge shared by a bigger group of people and grown by communication (University). Looking at a bigger group of people, culture *refers to the cumulative deposit of knowledge, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts* *of the universe, and material objects and possessions acquired by a group of people in the course of generations through individual and group striving* (University).

In a world where focus is shifting towards the human being of who you are, and having a strong identity, companies are strategically working focused in terms of branding of what is the company statement and what values are related to the company. Without going too deep into successful branding stories like Redbull, Apple, Pepsi, Moods of Norway and so on, the need to have a unique identity and differentiate from other companies, is just as important as it always has been.

The need of telling the customers what value the company inherent, has always been important and will be. The massive attention towards a brand is the result of detailed strategic plans where management know what messages they send out. Even though massive strategic plans are rolled out and contracts signed, the companies has to know who they are and what values they have. They need to know what actions are most likely associated with the company statement and how united they stand as a group of people. Underneath of all the actions and decisions the management make, lies a shared opinion of "*who we are*" as a company. The management debates and agrees on what values, goals, statements and vision the company inherent. The field of identity is vast and based in psychology, management and organizational behaviour. Even though some start-ups have a strong conviction of who they are, research has shown that companies with a clearer definition of whom they are has a greater chance of performing better (Whetten and Godfrey 1998; Gioia, Schultz et al. 2000).

1.2 Scope of this study

In this comparative case study I will investigate how hierarchical structure affects organizational identity during growth in two IT-companies located in the Oslo-region. I also aim to investigate when companies are culturally moving from an entrepreneurial phase, over to a hierarchical structured phase. I will use additional data from two other IT-companies, as well as data from three start-up labs, to supply the data collection with depth.

1.3 Thesis Outline

Mainly, there are *four* main parts that divide this master thesis.
Chapter two; the focus and the problem formulation are targeting the purpose and assumptions of conducting this study.
Chapter three; the landscape of previous literature and the theoretical perspective on the subject of study give an overview and understanding of the reasons to conduct this study. The literature gives a deeper understanding of the background and underlying knowledge of the subject.
Chapter four describes the methods being used and how the data has been collected. The methodology describes what literature of methodology that has been followed, and how the data has been analysed and interpreted.
Chapter five addresses the findings, results, discussions and implications of this thesis.
Chapter six summarises the conclusions, findings and implications.

1.4 Research Problem

Being an entrepreneur is a leadership role affecting the organization and the culture among the group of employees. The importance of the values radiated as a leader is reflected trough the culture and behaviour of the employees, and shapes the values of the company. Even though leadership attributes are well documented, it is important to understand the human relations when growth, defined as the contribution of new employees, affects the organizational identity and the company culture.
Going from an entrepreneurial phase to a rule-based structural company can provide some serious cultural challenges. Recognizing when a company is moving beyond the tipping point where they leave the entrepreneurial phase is important to address the cultural aspect. It is therefore important to understand the change in organizational identity when a company is experiencing growth. To facilitate and understand the human relations, the study of growing companies is key to understand how organizational identity changes trough growth.

1.5 Research Question

1. What are the hierarchical challenges of growth affecting the organizational identity?
2. How is organizational identity viewed from different hierarchical levels?

3. How does the levels of hierarchy affect the values (which are seen as important)?
4. What is the entrepreneurial tipping point when growth is requiring hierarchical structure?

2 Focus and problem formulation

2.1 Theoretical Perspectives

To clarify the landscape of literature, two main parts of literature has been the foundation of study.
The first and main component is the study of *organizational identity* to understand the foundation for the research questions and the logical linking of the interview guide. Various sub-topics of organizational identity have been central to broaden the understanding of social science and the cultural aspect.
The second component affecting the depth of this study is the understanding of leadership. Without graving too deep into the literature of leadership attributes and leadership styles, this literature review also tries to understand the organizational functions of learning and the dynamics between leadership and affecting the firm culture. Therefore, a theoretical model of organizational learning combines the two fields of study.

2.2 Developing the propositions

2.2.1 Organizational learning

Recognizing the framework of organizational learning, Vera and Crossan (2004) shows the dynamics between the feedback learning flow and feed-forward learning flow where the framework is an important baseline to understand the dynamics between leadership and affecting the firm culture. Whereas *feedback learning flow* are systems, structure and strategy embedded in the organization used for e.g. employee training, *feed-forward learning flow* is changes of structure, systems, products, strategy, procedures and culture done by all levels of the organization. The framework positions the leadership learning ability into system with regards of how leaders affect the system and surroundings through their cognitive learning. The theoretical framework gives a baseline of how firms are able to renew themselves and innovate in terms of routines and internal systems.

Even though transactional and transformational leadership is placed respectively during and after the process of work, transformation and reward affects the learning ability of the culture and the evolvement (Vera and Crossan 2004).
This theoretical model builds the bridge between staff members and organizational ability to learn and affect. This shows how and why employees should affect the surroundings where the participation and recognition of where a group fit into the organization, so they are able to offer their ideas and affect the surroundings and culture (Bass 1999).

2.2.2 The leader

Communicating values and play the role of a leader has a long track record of research, but the importance of communicating the values to the employees are an important aspect. Important for the company competing in the 21st century is the responsibility of strategic leadership and the *six components* describing the main challenges of being a great leader. Ireland, Ireland et al. (1999) emphasize the importance of creating a vision, exploring and maintain core competencies, develop human capital, sustaining an effective organizational culture, addressing ethical issues and alter patterns of organizational activities. However, being a leader in the 21st century requires more knowledge about processes, human capital, financial environment, competitiveness and complex business environment, compared to leadership of the 20th century.

The outcome of transactional and transformational leadership is crucial to the organizational learning and the dynamics between leadership and performance and values obtained by the employees. Literature describes several styles of leadership and their attributes (Bass 1999; Vera and Crossan 2004; Gardiner 2006). Defined *transformational leadership* is; being charismatic, give inspiration, stimulate the intellectual, lead followers beyond self-interest, give personal attention and focused towards facilitating towards the process (Bass 1999), whereas *transactional leadership* is focused towards the results, contingent reward and providing the employees with tools to do the job. Summarized; transactional leadership is focused towards more static environment than dynamic environment with complex tasks. Concluded by Vera and Crossan (2004), the best leaders will be able to balance the two types of leadership and affective in organizational learning.
Transformational and transactional leadership has a longer track record of literature, than the more modern style; *transcendent leadership*, discovered by Diane Larkin among a crowd in 1995, defined as a leader "*who transcended self into compassionate being and action*" (Gardiner 2006). Others have described the transcendent leadership style as another level of consciousness gathering the minds of a group so they can later perform the task, as a group of people gathered for a chat, before leaving to their respective tasks to execute the job.
On that notion, there are several leadership theories explaining the role and behaviour of leadership, where the result of good leadership results in followers to gain motivation, trust, commitment, loyalty and performance (House and Aditya 1997).

Emphasizing the gap in the literature by (House and Aditya 1997)"*to this day, the dominant proportion of more than 3000 studies listed by Bass (1990) is primarily concerned with the relationship between leaders and their immediate followers, and largely ignores the kind of organization and culture in which leaders function, the relationship between leaders and superiors, external constituencies, peers, and the kind of service provided by the leaders´ organization*"

2.3 The Propositions

Companies experiencing growth are met with challenges in terms of management, process, internal and external complications and pains from growing. In this transition, the company may loose some of its values if expanding too rapidly without calculating sustainable growth. The hierarchy are met with challenges on all levels, but these challenges are of different kind.

RQ1) What are the hierarchical challenges of growth affecting the organizational identity?

Within an organization there are several layers of hierarchy structuring the task and responsibilities into sector, groups and positions. Lower level of hierarchy sees the culture as the surroundings and the shared language, behaviour and routines defining their everyday work life. Whereas higher levels of hierarchy are aware of growing a positive culture and facilitate the growth, they use this as part of boosting the performance of the employees.

RQ2) How is organizational identity viewed from different hierarchical levels?

The employees and staff members are an organic, dynamic group developing culture of their own through activities, language and so on. How this cultural nerve is growing, depends on many factors, but the relation between leaders and followers are dependent on the leaders learning ability to affect the organizational culture positively. In what degree leadership values are radiated onto employees, depends on how well the employees are able to communicate these values.

RQ3) How does the levels of hierarchy affect the values (which are seen as important)?

When growth is affecting an entrepreneurial company with few employees, the need for capital to structure the company is increasing. Information will not flow naturally and the need to supervise other employees are increasing. At one point the company leaves the entrepreneurial phase and need "capital of structure".

RQ4) What is the entrepreneurial tipping point when growth is requiring hierarchical structure?

Research question		Proposition
RQ1: **What are the hierarchical challenges of growth affecting the organizational identity?**	**P1**	**Lower ranks experience relational distance and confusion in responsibility. Top management assembles the employees by signalising the values and mission statement.**
RQ2: **How is organizational identity viewed from different hierarchical levels?**	**P2**	**Higher levels of hierarchy see the value of organizational identity as part of the strategy.**
RQ3: **How does the levels of hierarchy affect the values (which are seen as important)?**	**P3**	**The hierarchical position reflects the values appreciated by expectations from others.**
RQ4: **What is the entrepreneurial tipping point when growth is requiring hierarchical structure?**	**P4**	**The tipping point of leaving the entrepreneurial phase is around 20-25 employees.**

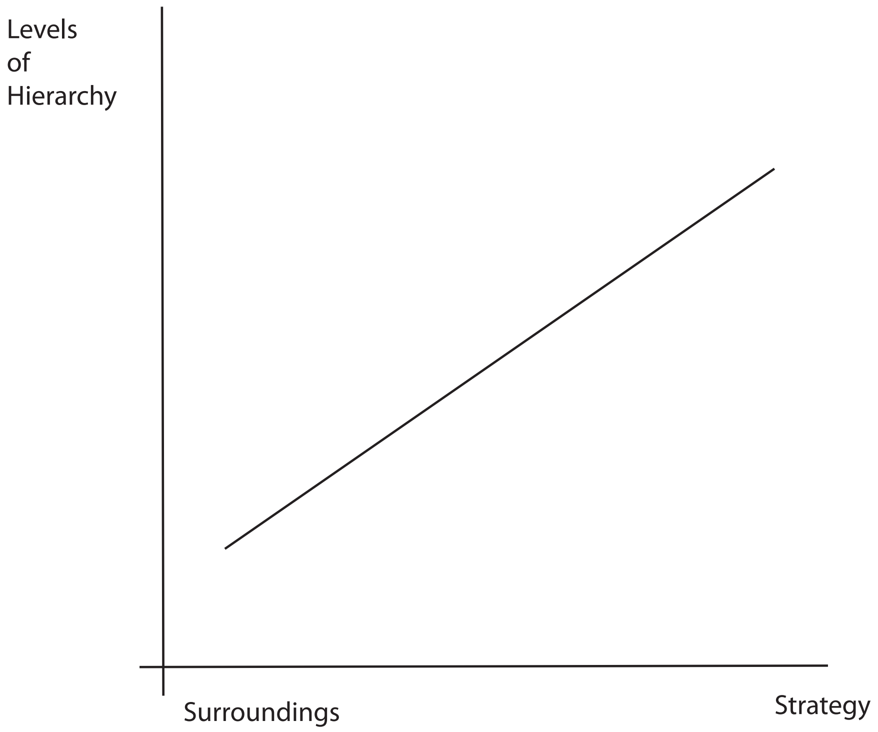

Figure 1; Relation between levels of hierarchy, surroundings and strategy illustrates proposition number 2

Figure 1 illustrates research question number 2; the correlation between levels of hierarchy and the transition from surroundings to strategy.

3 Literature Review

3.1 Defining Organizational Identity

Looking at the landscape of research on *organizational identity*, the field of research is split into two parts; empirical case studies and theoretical framework model. In this literature review, both aspects will be addressed, mainly to view the landscape of previous case studies and to give insight into the methods. The theoretical models will provide knowledge on what tools are used to address organizational identity.

The first milestone defining *organizational identity* appeared in the mid 1980´s (Albert and Whetten 1985) where organizational identity was defined as "*that which members believe to be central, distinctive and enduring about their organization*". More practically, organizational identity will answer the question; "*Who we are as an organization*". More recent research defines the organizational identity as "*collectively shared beliefs and understandings about central and relatively permanent features of an organization*" (Gioia, Schultz et al. 2000).

Defined by Dutton, Dukerich et al. (1994); "Organizational identification is the degree to which a member defines him- or her self by the same attributes that he or she believes define the organization". The definition of organizational identity has more or less remained the same, discussing whether the identity is static, dynamic, or what attributes are connected to organizational identity.

After Albert and Whetten (1985)introduced this milestone book defining organizational identity, more scholars have expanded the knowledge and flexibility of the term "*identity*" to connections such as image, culture, adaptive instability and multiple identities (Pratt and Foreman 2000). Due to the discussion on organizational identity, (Whetten 2006) has strengthen the concept on organizational identity, yielding that their first definition needed more dynamic flow. Theorized and conceptualized by Whetten (2006) organizational identity are central, enduring or distinguishing identity attributes which can be analysed as part of the culture and faiths of the organization.

Ravasi and Schultz (2006) define organizational identity as a set of "*shared mental assumptions gathering the minds of an organizations, controlling strategy, interpretations and actions in the organization coordinating appropriate behaviour for various situations*".

Even though practical examples give a clear understanding of the term "organizational identity", several scholar articles built "process models" in relation to organizational identity, understanding the symbiosis of how identity/identities is affected by other factors. (Hatch and Schultz 1997; Hatch and Schultz 2002) puts organizational identity in the relation to *culture* and *image*, to show how focus between the two can shift towards organizational narcissism or hyper-adaption.
Capturing the essence and conceptualize the different definitions on image and identity, Whetten (2006) gathers the various attributes by scholars targeting organizational identity, into four concepts. Assembling the framework that may be used as an organizational tool, the purpose was to clarify the confusing concept that has appeared after his first appearance in 1985.

3.2 The link between performance and strong organizational identity

There are several scholar articles addressing the importance of organizational identity. The positive sides of developing a shared understanding of organizational identity may be valuable for the company. The shared sense of construed external image (Dutton et al 1994) and the result of successful visionary strategy (Collins and Porras 2004) have shown a direct link to the performance of the company. The positive sides has been proved by previous literature, where performance has been directly linked to a strong definition of organizational identity (Whetten and Godfrey 1998; Gioia, Schultz et al. 2000). At troubled times, the need of introspection in organizational identity in terms of "*who the company is*" are an important strategy mechanism to release the potential to understand and shape the future (Schultz and Hernes 2013).
Scholars state the obvious relation between a strong identification and performance claiming affiliation serves as a binding psychological factor. Schultz and Hernes (2013) claim that the need of introspection in organizational identity in depressing times raises the awareness of the importance of organizational identity as a binding factor.

The need of a strong and clear organizational identity is emphasized by Lindland (2006) where identity gives foundation to the teachings of basic marketing. Answering, "*who we are*" have direct impact on strategy, organizational culture, behaviour, reach internal and external target groups, as well as communicating company values.

As demonstrated through multiple articles, the importance of organizational identity cannot be ignored as this draws a great focus onto the debate of the link between organizational identity to performance and development (Hatch and Schultz 2002; Beebe, Haque et al. 2012). The role of organizational identity clearly demonstrates how issue interpretations, emotions and actions are related over time, specially the connection between the individual and the organizational action (Dutton and Dukerich 1991).

The importance of defining identity is crucial especially when being exposed to threats from external audience such as a business magazine ranking the U.S. business schools. Justifying for the lack of positive response or threat, students showed ignorance to the ranking or other defencing mechanism that defined their identity as an elite school (Elsbach and Kramer 1996). The ranking was seen as a treat to their image of how they perceived the value of their education and belonging to place.

3.3 Empirical case studies

To address previous methods and scope of study, empirical case studies reveal in little extend generalizing of previous studies.

An empirical case-study by Ravasi and Schultz (2006) viewed the development of Bang and Olufsens identity through two decades. The company faced several crises of identity threats when e.g. global companies made success of expanding their diversity of products pushing Bang and Olufsen into the same process. Existing literature shows how identity can be built over a temporal perspective, using the organizations principles and values to conduct a historical analysis. Using this material to aim Bang and Olufsen in future direction surviving a competing market.
However, as historical knowledge is used to build identity, organizational identity was important to the Danish Carpenter, Ole Kirk Kristiansen, who founded the Lego Group in 1932. The success story is known for its plastic building bricks to the world. A case study of the Lego Group was done (Schultz and Hatch 2003) to see how global branding was shaped due to a shifting trend in toys and games for children. The company was faced with different challenges as other global brands displayed a diversity of toys and a rapid change in how kids interact with toys. Lego Group met several challenges externally and internally such as gaps between culture, image and vision. The Lego Group evoked the past using combinations of memory forms to set a new direction and surviving the identity crisis.

Organizational identity has a temporal perspective and should be developed enlightened by the past. The memories from the past such as *text*, *material* and *oral* speech should be seen as building blocks to construct an organizational identity to define an identity that suits the future perspective. The depth and past temporal perspective are materials used to construct a precise identity (Schultz and Hernes 2013).

Underlining the rapid change of a digital photography company, Tripsas (2009) studies the transition when pursuing new technology where the company ends in a identity shift, where the company questions itself to follow technology that deviates from the organizational identity. The company goes through a transition when management decide to follow the technology, ending up as a "flash memory media company". The case illustrates how companies and their management use their identity to select what actions to undertake when met with technology challenges.

3.4 Social group/Group Identity

Exploring the field of social identity theory gives understanding of the human relations of psychology where Chen and Li (2009) conducts a lab experiment to display where members show more positive behaviour towards in-group members in terms of rewards and punishments. This test lab experiment shows group identity behaviour when played out as social games, and draws a contribution to the practical implications for organizational design.

By using others identity to construct their own, constructing identity is often simpler when being exposed to qualities and values that can be rejected or adopted. The common ingroup identity model (Gaertner, Dovidio et al. 1993) demonstrates the dynamics of competitiveness to group behaviour as focus is shifted from "us" to "them". Similar to Chen and Li (2009) the dynamics of competitiveness and favouring in-group members is widely studied as a phenomenon and demonstrates in a test-lab but harder to induce a common ingroup identity in naturalistic settings (Gaertner, Dovidio et al. 1993).

Even though Brown and Humphreys (2006) adds knowledge to organizational identity as unstable social construction, they claim that contrasting definitions of organizational identity where linked to *place* of education, adding another dependent variable to the definition of "*who we are*". Confirming the attribution of *place* as a factor, a case study of a recently merged UK-based college of Further Education questions the discursive understandings of place as a parameter that affects individuals and groups versions of their selves (Brown et al, 2006).

3.5 Emerging industries and construed external image

Looking at organizational *identity* and *image*, scholars make a clear distinction between the two, defining organizational *image* as how insiders believe others see their organization (Dutton, Dukerich et al. 1994), refereed to as construed external image. The link between member individual identification and organizational identity is emphasized because organizations with an attractive perceived identity raises the individual self-esteem and therefore evaluate themselves more positively.
Clegg, Rhodes et al. (2007) sees the development of organizational identity in emerging industries where identities are formed out of interaction, negotiation and sensemaking (Weick 1995). A case study in Australia shows how coaches create a distant image of the consulting business to create an image of them selves and how employees struggled to identify themselves in a rapidly growing business. In all, theorizing the interaction between temporal and spatial dimensions of identity, the author builds a solid foundation of how employees uses external audiences and competitors to create an image of themselves (Clegg, Rhodes et al. 2007).

3.6 Hierarchical Structure

To answer the question of "*who the organization is*", the answers where linked to the position of hierarchy within the organization. Different levels of hierarchy tended to see the purpose of organizational identity with different eyes. As lower ranks of hierarchy saw the organizational identity as part of their culture, higher levels of hierarchy viewed the organizational identity as part of their strategy (Dutton and Penner 1993; Corley 2004). Noticed by Corley (2004), top and bottom of the hierarchy showed the most apparent differences, whereas middle management often ended up confused when defining "who the organization is".
Even though intentions of organizational identity differs in hierarchy, organizational identity has been debated in terms of its flexibility, whereas some scholars claim organizational identity is static rather than dynamic and differentiated (Corley 2004).

This is confirmed by Brown and Humphreys (2006) where the view on organizational identity is changing proportionally with the hierarchical structure.

Scholars have linked purpose of organizational identity to different perceptions in the hierarchical structure (Corley 2004). However, the assumption that the hierarchical structure equally high as in American societies, provides the literature with gaps of lower hierarchical structure. Whereas American, due to cultural differences, have given the spring of higher hierarchical structure, Scandinavian and especially Norwegian companies are using a lower hierarchical structure (Schultz and Hatch 2003).

3.7 Critique of previous studies

The landscape of previous studies on organizational identity has been criticized due to the impracticality of non-business studies, where Oliver and ROOS (2003) emphasize the weakness of 14 case studies. Some empirical studies on organizational identity have been criticized due to the use of individual informants to produce textual descriptions as a list of simple attributes, where others have been criticized of the methods not capturing the true essence of organizational identity due to single interviews and lack of sufficient substance (Sveningsson and Alvesson 2003).

3.8 Process Model and Theoretical Framework

To understand how the dynamics of organizational identity is formed, Steele and King (2011) argues that their *process model* show the relation between external audience and the organizational style. Underlining the study of meta-ethnography; three companies with an internal argument of organizational identity uses external audience to build and create their organizational identity. Adding another attribute to the list of organizational identity confuse the landscape of attributes, however, the use of external audience where used to build some of the questions in the interview guide.

Building on organizational identity and image, Gioia, Schultz et al. (2000) conceptualize a process model of how organizations actively can change their internal identity and/or external image. With no doubt, the theory put the two in interrelationship but gives few clues on how identity crisis can be solved.

Using organizational identity as a parameter in strategic agenda building, Dutton and Penner (1993) introduce a multi-level connection between organizational identity and routines in strategic agenda building. The practical theoretical framework constructed is used to illustrate how the manager of New York Port Authority can handle a dilemma of homeless people using the hall way to sleep. By targeting the identity and their values, New York Port Authority are able to handle in such a manner that are in line with their values.

3.9 The role of founders (and stakeholders)

The growth of employees in the organization may force the company to leave the entrepreneurial phase, as well as the settings of the company change, the role and capability of a leader as just as important.

As the founders agree on how to handle the problems of external adaption and internal integration problems, the role of the founder is separated from a professional manager based on diverse individual focus and motivations (Schein 1995). Putting the professional manager in charge of stable growth and developing the organization and subordinates, the founder are emotionally involved often with family ties and being easily bored. Building the model of organizational identity in the relation to external stakeholders, Scott and Lane (2000) underlines the "personal needs" for stakeholders to feel control and satisfaction. Sadly without getting much recognition for their model by other researchers. Both models illustrate the gap between the phase of entrepreneurial and rule-based firms.

3.10 Multiple identities

Summarizing the field on research of organizational identity, the literature seems to recognize singular identity in the very beginning in the rise of organizational identity (Albert and Whetten 1985). A shifting trend within the literature on identities targets identities as multi-layered and dynamical (Ashforth and Mael 1989). Understanding individuals is a key to understand how they see themselves in relation to the organization.

As a comparison to individuals where the person may have many social identities because of different roles in different group, (Ashforth and Mael 1989); Pratt and Foreman (2000) claims that organizations can have multiple identities and should manage these. Multiple organizational identities can be handled more proactively with framework that combines the identity synergy of compartmentalization, aggregation, deletion and integration.

On a managerial level, internal discussion and debates gives foundation to define the roles, responsibilities and strategy. All in all, this internal debate gives basis to define multiple managerial identities (Sveningsson and Alvesson 2003).

4 Research Methodology

4.1 Introduction

This chapter is three-folded. First part explaining the methods being used and the related literature used in this thesis. Second part explains how the data was selected. Third part explains how the data has been processed.

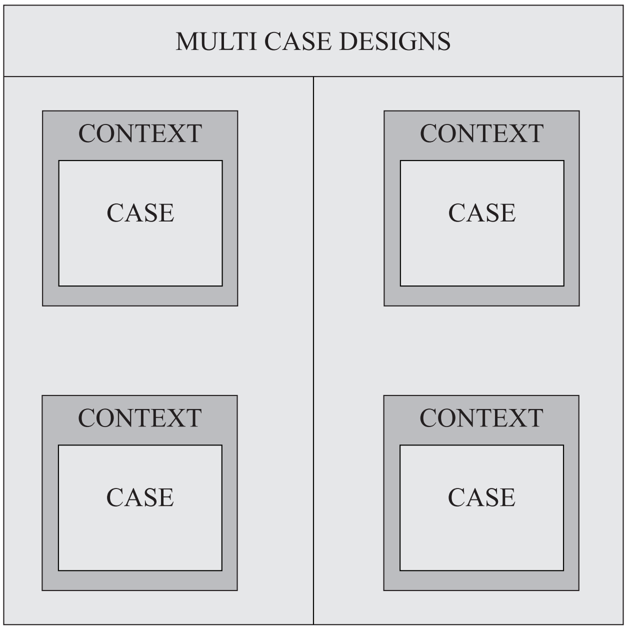

Figure 2; Multi Case Designs

4.2 Research Design and Settings

4.2.1 Exploratory Case study design

In this chapter, I will use elements of methods combined by Yin (2008) and the Grounded Theory. First, I will address Case study design by Yin before i explain what elements have been extracted from Grounded theory. A brief overview of the methods;

The design and pre-phase of this study are related to Yin, whereas elements of analysis are linked to Grounded Theory.

Figure 1; Multi Case Designs explains the case design chosen in this thesis by Yin (). Due to the landscape of this study, a multi-case design with a holistic approach is best suited where comparison of single cases, rather than embedded case study approach. The separation dividing the cases into two is done to illustrate the landscape of IT-companies and Start-Up companies.

4.2.2 The case study design process

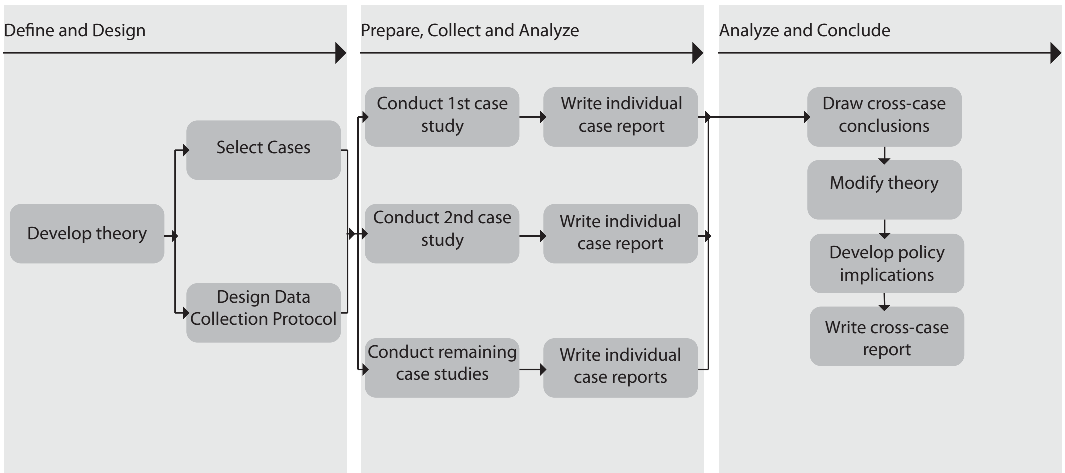

Figure 3; The Case Study Design Process

Figure 3; The Case Study Design Process explains the chosen method of this thesis; Case Study Method by Yin (2008). Important to emphasize due to the company culture, the companies have been analysed individually and later compared the results with each other. Comparing the companies provide a wide range of diverse answers independent from the experience, hierarchical position and reliability of the interviewee.

4.3 Grounded Theory

Introduced by Glaser and Strauss (1967), *Grounded Theory* is a qualitative research approach that seeks to develop theory from a data set, where case study by Yin (2008) has the reverse process. Instead of develop theory before testing the theory on a data set, the grounded theory uses the data set to develop the theory. In this manner, *Grounded Theory* is open-ended, does not discriminate any possible result, but requires repeatedly analysis of the data. The positive sides of *Grounded Theory* is that the theory being developed is grounded in the data and not infected by the existing literature. The working flow of grounded theory is coding of interviews where this is done repeatedly with coding while the interviews are conducted. The process is repeated multiple times, where the coding gives a hint of where the data set is headed. The results of the coding will form the basis of the theory that is grounded in data.

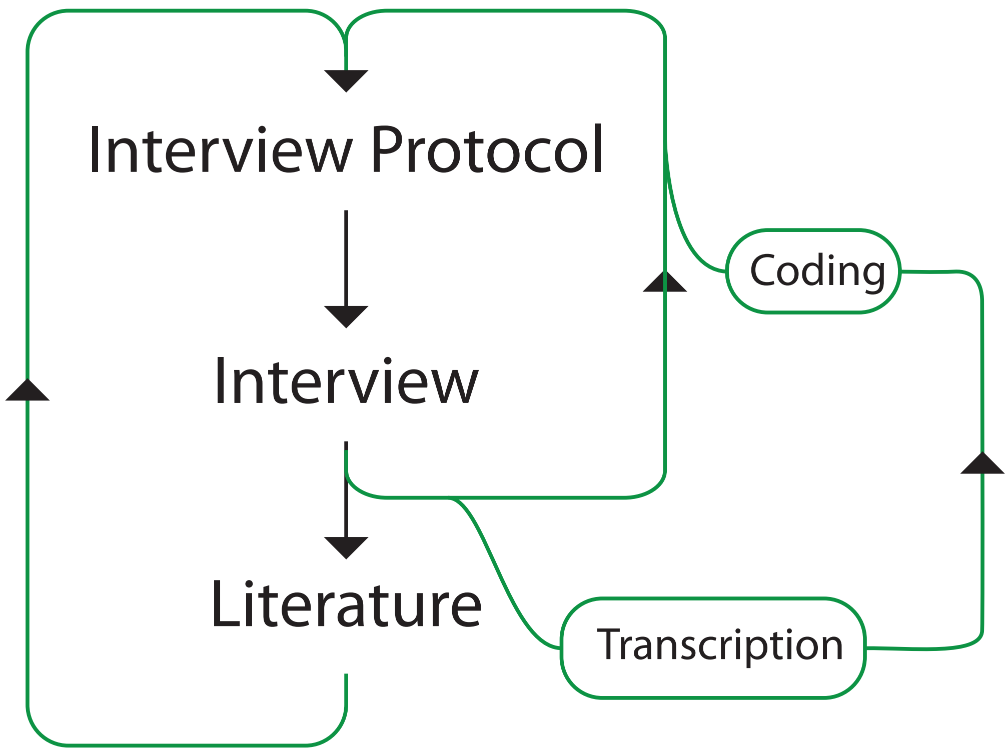

Figure 4; Coding and structuring the interviews explains my method of work while conducting the interviews. After transcribing the interviews, the coding provided the interview protocol with useful data. The cycle of collecting the data is an iterative process, meaning that the results and coding of each interview will contribute to the process of conducting the next interview. This repetition of the cycle, iteration, will constantly change the next process. Through this process of repetition and coding, a concept is slightly formed and a direction of the data is taking aim towards literature and theory.

Even though this thesis has been inspired by the *Grounded theory*, it has not been followed strictly since I have used literature as well to inspire the semi-structured interviews. The following image explains my method of work, emphasizing the mixture of methods used in this thesis.

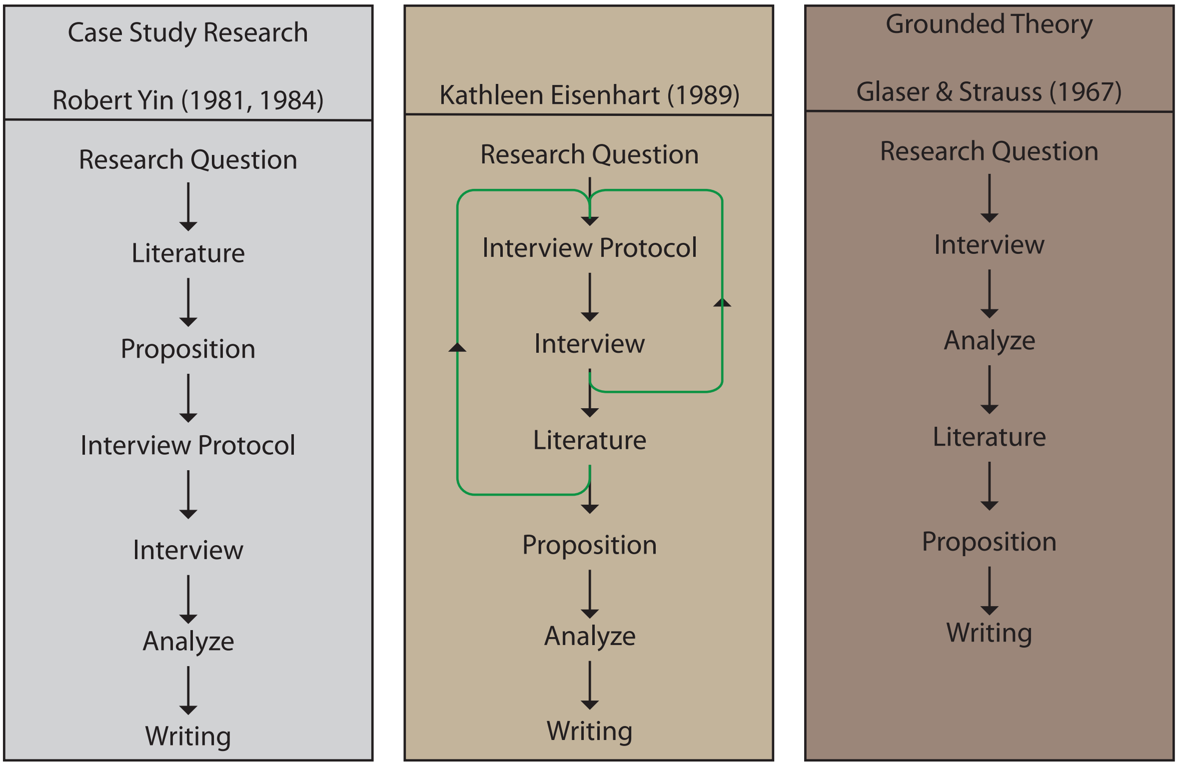

Figure 5; Comparison of methods

In *Figure 5; Comparison of methods*, I have summarized three methods supported by Robert (Yin ; Yin 2008), Eisenhardt (1989), Glaser and Strauss (1967). The three methods have a different approach to how a researcher collects data, search literature and build propositions.

The process of doing research has been an iterative process, where the literature, interviews and propositions have been adjusted depending on what I discovered while I did the research. Constructing the interview guide was partly based on the research question, but used some of the literature to aim some of the questions in a direction where it could contribute to recent research (see Appendix A).

In total, I have used the methods of (Eisenhardt 1989) and been inspired by the methods of grounded theory where the purpose is to not get infected by literature and other opinions at an early stage. In *Figure 5*, the green line illustrates the chosen methods of work.

4.4 Data Collection

4.4.1 Choosing the industry

The companies of this study have a stable growth (anonymized), ranging from digitalizing companies offering and transform their products online, or they systemize the internal process. Viewing information technology in a macro perspective, the general trend in the market has been stable growth. This is reflected through the investments made by the Norwegian Government budget, and how many new companies established in this business (Kvande 2011; Zachariassen 2011; Zachariassen 2012; Heggelund 2013) From a wider perspective, the credit crunch caused a restructuring and gave birth to new companies (Brunnermeier 2008).
Numbers dated back to 2009 shows growth of the information technology market in Norway with increasing employment rate (IKT).

4.4.2 Choosing the companies

The companies chosen for this thesis where partly due to my knowledge and network of the field and what companies that could participate in this thesis. Out of the 6 companies being contacted, four of them agreed to participate, resulting in a *hit rate of 67%.*
To protect the interviewee from being traced by revealing the company name, have I due to the agreement of confidentiality, chosen to anonymize the companies as well.

	Company Milano	Company Praha	Company Machu Picchu	Company Istanbul
Industry	IT	IT	IT	IT
Interviewee(s)	3	3	2	1
Employees (in	14	35	300	32

Norway)				
Hierarchy	Flat	Flat	Flat	Flat

During this thesis, I noticed that many of the people facilitating the growth within startup-labs, have started up their own business. The people being interviewed had generally a broad business understanding of what startup-companies were in need of with their limited resources; therefore I chose a two-folded approach.
After conducting the interviews of the IT-companies that had cleared the entrepreneurial gap, an interesting view was to see how entrepreneurial companies cleared that same gap in terms of growth, leadership and cultural challenged. The entrepreneurial angle was important to relate the subject to entrepreneurial thinking, and to emphasize how entrepreneurs meet the challenges of being both a leader and an innovator, while cultural challenges affect the company.

	Company Galapagos	Company Frankfurt	Company Madrid
Industry	StartUp	StartUp	StartUp
Interviewee	2	1	1
Employees	2	4	2

4.4.3 Selecting the interviewees

A brief letter explaining my research and the purpose of the research was sent out to the participants (See Apendix A). In each company, a contact person was used to schedule the interviewees and avoid poisoning the interviewees' opinion. As requested, interviewees from various levels of hierarchy were preferable, but hard to schedule due to the workload on managerial levels.

4.4.4 Study´s questions

The starting point for doing this thesis started with the following questions:

1. What impact has growth on organizational identity from a hierarchical view?

2. If, are there an entrepreneurial tipping point when is capital of structure needed?

4.4.5 Propositions

To give a quick recap of the propositions:

1. What are the hierarchical challenges of growth affecting the organizational identity?
2. How is organizational identity viewed from different hierarchical levels?
3. How does the levels of hierarchy affect the values (which are seen as important)?
4. What is the entrepreneurial tipping point when growth is requiring hierarchical structure?

4.4.6 The logic linking of the data to the propositions

Mentioned above, the process of this thesis has been inspired by Grounded Theory, affecting the construction of the propositions. Due to the process, the propositions have been constructed in retrospect. Analysing the data first, has shaped the angle of the proposition to fit the data set.

4.4.7 Building the interview guide for IT-companies

The topic of the interviews where aimed towards how employees relational bonds may change internally during growth. The main objectives of conducting the interviews were how growth, in terms of growing numbers of employees, has affected the company internally. In addition to this, the second objective was to find the ”tipping point” when growing the company in terms of when the culture changes structure and needs facilitating. Even though the conversation was constructed on grounded theory, a plan for interviewing was needed to later compare the results.

The first part of the interview had the purpose of getting confident with the interviewee, whereas the second part of the interview where aimed towards the relevant topics of this thesis. The purpose of doing a semi-structured interview was to get the interviewee in a position where they described the surroundings and what role they played in the organization. E.g. some of the open-ended questions concerning values of a good employee/hero, where essential to compare values of the interviewee with company values or other employees.

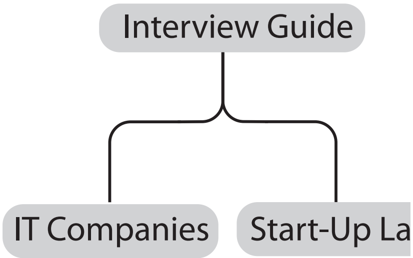

Figure 6; Divided Interview Guide

As described in *Figure 6*, the approach was two-folded; therefore the two interview guides is different from one another. The first part of this thesis was to do live-research asking employees of companies before looking into the entrepreneurial part. This to see if experienced entrepreneurs could elaborate on the findings. The purpose of having a low degree of interview structure was to give the interviewee the leading role to display their experience onto the relevant topics of leadership, identity and financial growth.

4.4.7.1 Interview guide for the start-up companies

Depending on whom being interviewed and their related background, the conversation where aimed towards what was relevant to their background. The semi-structured interview had some common points of discussion, but the interview had a purpose of getting the interviewee in a state where they had the freedom to reflect upon financial growth, leadership, hierarchy and values through the organization. Several of the interviewees had ether started a business, or been participating in the startup-phase of a company. Since the interviewees had different background, each where to choose the direction the interview where aimed. The purpose was to get the interviewee into a mode where they reflected on their experience of growth, culture and leadership with their own references.

4.4.8 Conducting the interviews

The interviews were conducted at the working place of the interviewees. Some of the interviews required follow-up questions if ambiguous. The settings for each interview were approximately the same; 40 minutes and recorded.

4.4.9 Agreement of Confidentiality

An agreement of confidentiality was written due to sensitive information provided by the interviewees. An agreement resulted in people being more willing to give up information they otherwise wouldn't give up (see Appendix A). In retrospect, the interviews were transcribed electronically and sent to the interviewee. Giving the interviewee the opportunity to review the draft also made the relational bond between the researcher and the interviewee more reliable. The interviewee had the opportunity to withdraw the whole interview or remove statements that could reveal sensitive business information.

4.5 Methods of Analysis

4.5.1 Coding of the interviews

As mentioned above under *Grounded Theory*, the process of conducting the interviews gave answers of a wide range, using the iterative processes to change some of the interview questions. However, after analysing the interviews, several of the interviews addressed the same topics with useful information and gave 5 leading topics for discussion. Some of the topics are addressed concerning what they answer directly, but others address how they answer and what vocabulary they are using when answering (see *Findings*). Even though the interviews arrange from a wide collection of topic, the interviewees have in some degree addressed some common bullet points, being;

Topic	**The Ideal Employee**	**Culture**	**Leadership**	**Hierarchical structure**	**Construed External Image**
Reasoning	Values	Changes	Values	Background material	Ego
Metadata	Reward	Reward	Distance	Distance	Social group

4.5.2 Pattern Matching

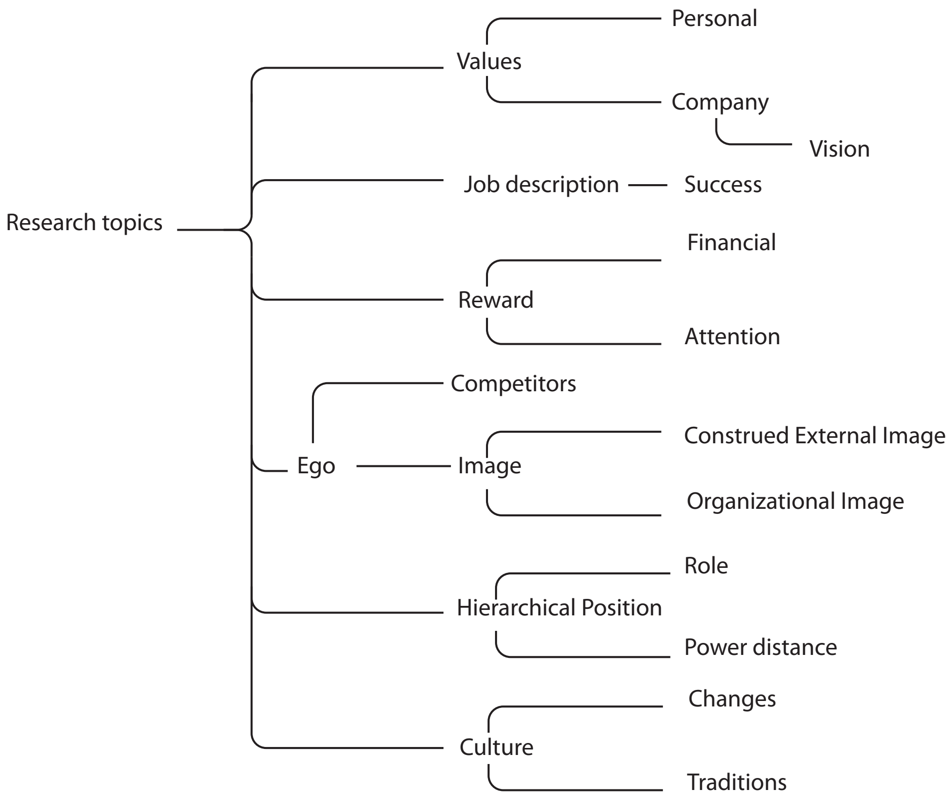

Figure 7; Coding of Interviews

Figure 7 shows how the coding of the interviews were done. Elaborating on common topic gave foundation to see patterns and to build logical models.

4.5.3 Unit of analysis

4.5.3.1 Individual case analysis

The coding of the interviews gave the basis to see patterns, before analysing each company individually. The analysis of the companies was done in order to answer the research questions individually (see *Figure 8*, letter *A*). This gave a clear overview of the data, and made it easier to see patterns and differences in the data set. Company Milano and Company Praha where the only companies with enough interviews giving sufficient data. The other remaining companies/start-up-labs were only able to provide one or two interviews.

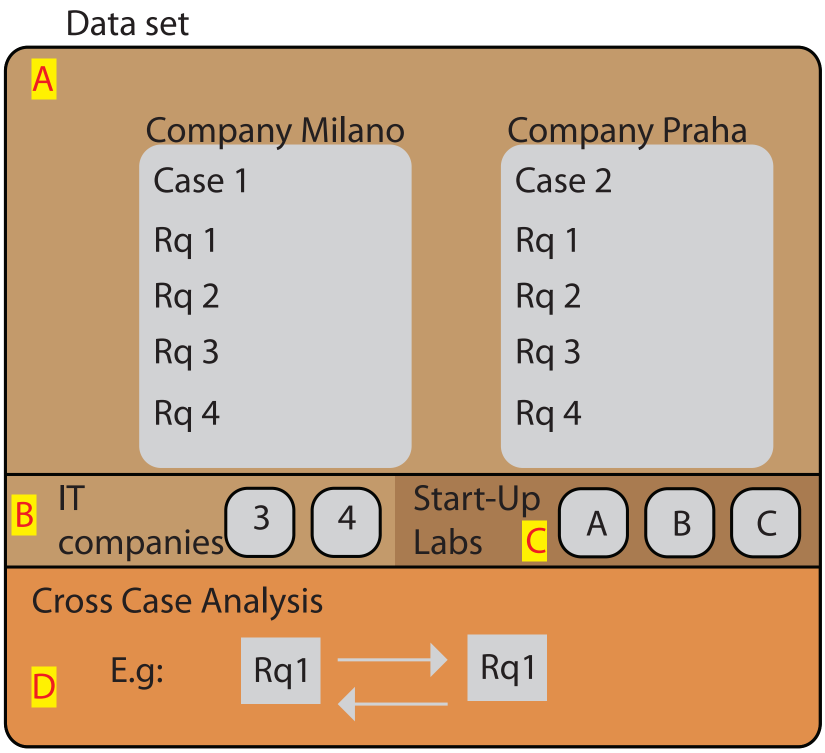

Figure 8; Analysing

The four IT-companies in this thesis provided a wide range of data due to the uneven number of interviewees in each company. Due to limited time and resources available by the companies being examined, the data set from each company resulted in a data set of mixed quality. This resulted in insufficient data from two of the companies (3 and 4) that could not answer the research questions fully (*Figure 8*, see letter *B*). Instead of eliminating this data, it has been used to underline statements and/or address rival explanations.

The start-up labs being interviewed (*Figure 8*, see letter *C*), as mentioned previously, had another approach when being interviewed. Instead of answering the questions from the interview guide directly, the interviewees have had the freedom to reflect on the given subjects with their own references. Therefore, these data are insufficient to fully answer the research questions and have been used as supply data when comparing the two cases of Company Milano and Praha.

4.5.4 Cross Case analysis

As explained above, the first phase of doing the analysis was to code the interviews, then gather the information from the two companies to answer the research questions. The last part (*Figure 8*, see letter *D*), was to compare each research question with a cross case analysis. The comparison of the two companies gave the data set depth and made the differences between cultures of the companies visible. Comparing the two companies provided by additional data, made the data set transparent to point out differences in patterns. The cross case analysis was done in order to study each company individually, targeting the research questions individually, before comparing the data collection on behalf of findings and patterns.

5 Discussion and Conclusion Results

5.1 Introduction

In this chapter the research questions and the propositions will be answered based on the finding and patterns found in the data collection. Other interesting findings will be commented and elaborated later on in the chapter. Worth to mention; the comments and statements from the interviews will be phrased and discussed before reflecting and concluding on the propositions. Only a few statements will be withdrawn from the interview, this due to length of this thesis.

5.2 Communication

The subject of this study started with interviews concerning how employees relational bonds where affected during growth. The main starting point of this study led the conversation onto how growth have affected the company and what are the tipping points of growing a company. Without leading the conversation in a high degree, this was the starting position of this study, where the interviewee could aim the direction of the conversation.

The interviews where aimed slightly different. The companies within the IT-industry were more tied to the interview guide. This to give all interviewees the same base of foundation and to make the process of comparison easier. Even though not all questions where phrased precisely, common topics of the discussion where central to provide all the interviewees with the same baseline. On the other hand, the interviewees from the start-up-industry stood more freely to elaborate into their previous experience.

Since the interview guide had a two-folded approach, the interviewees with experience from the start-up industry had the possibility to elaborate on "*company growth"* with references to their own experiences. The interview guide gave the foundation of elaborating and reflecting upon growth, whereas the interviewee had the option to aim the conversation as long as they kept the conversation within the boundaries. The main purpose of this expert-listener conversation where to establish a bond where the interviewee could provide the data set with depth and an entrepreneurial angle.

5.3 Answering the research questions

5.3.1 Hierarchical challenges of growth

Looking at how growth of new members has affected the employees, when being asked how the culture has changed the company, a common pattern is the notification about increasing number of employees;

" *It has become more impersonal. When being few, you become closer to each other. When growing in numbers, you do not get that close to each other. It becomes more formal*", (Sales, Company Milano)

The challenges during growth are several and emphasizing the effects of growth, is lack of communication:

"So you loose communication during growth?

Yes, that is the biggest threat, and I have seen that happen several times. And it almost happened here as well". On that notion, the interviewee also viewed growth as a positive experience.

"*Now I believe in growth. When interaction works properly, the foundation is build to withstand growth*", (Sales, Company Praha).

"How has the growth affected your relationship to the company?
The growth has mostly made the roles and responsibilities more unclear. Who will be doing what.
So growth have had a negative impact?
Yes", (Consulting, Company Milano).
Summarizing the interviews, a general trend among the interviews is negative experiences of growth. As stated above, some of these negative references might be due to the challenges when growing. Even though some find negative experiences in terms of roles, culture and structure, the general impression among the interviewees is that they want the company to grow.

Discussing how growth affects the setting and terms of the company, one of the interview objects elaborated on the change of people being attracted to the company. Elaborating on the change of hiring people, the CEO stated:

"*When you reach a certain point, the terms of the company is changed. You get hired on other terms, and you are not able to maintain the same cultural nerve in the same manner. You are not able to include all employees in the same mind process, so you get another kind of organization*", (CEO, Company Frankfurt).
This elaboration underline that organizational growth attracts human with other intensions and change the foundation of the culture.

Changing the terms of hiring new staff members are one of the changes, but also how the work is done and how the tasks have changed;
"*How many employees goes from working wide to narrow, and where you can report to one person to report to a less important person. Because they do not work wide results in permitted access to the same information, they cannot maintain the need of information that every employee has, and public meeting and such. That's not the information you want. It's the information from that person which is important*", (CEO, Company Frankfurt).

When being asked about previous experience, some of the interviewees choose to speak of their view on culture and mission statement.

"*But what I can say is that culture means quite a lot to the company. And that´s the challenges of rapid growth*..." (Sales Director, Company Maccu Pichu).

Elaborating on the challenges of growth;

"*And that is challenging the culture, the office and everything. A lot of people talk about growth of pain, it is difficult to grow, because growth challenges everything you have. So it is important closing the gaps from growing*", (Sales Director, Company Maccu Pichu).

When giving answer to how the challenges can be solved, the sales director answered;

"*And we are also very occupied with our mission. Now we have a weird mission, but it is that we will be a great place to work. We live by that in every way, and we facilitate that people enjoy the work, develop and to use the social in an extreme degree. That's important to us*." (Sales Director, Company Maccu Pichu).

Emphasizing the outcome of signalizing mission statement;

"*The companies in IT have had a problem; the turnover has been too high, averaging at about 15-16%, and we where maximum at 18% at one point, but now we are down to 5%. Which suggest that we have followed the right actions and signalizing who we take in and who we employ*" (Sales Director, Company Maccu Pichu).

Confirmed by the principal of Company Galapagos, the same importance of mission statement;

"*It takes a lot of discipline and focus, but they also have testing mechanisms. That the employee understand the mission statement."* (Principal, Company Galapagos)

In relevance to the hierarchy;

"*If you are high up in the hierarchy as middle management or senior management, you understand the values, depending on how good the manager was. If the manager took it seriously to make sure the team understood the values, it happened*." Steve

RQ1:

What are the hierarchical challenges of growth affecting the organizational identity?

Prop 1:

Lower ranks experience relational distance and confusion in responsibility. Top management assembles the employees by signalising the values and mission statement.

Many of the interviewees can recall bad experiences when growing. The general impression of growing is that members experience distance and confusion in responsibilities. Growing is a challenge that needs to be dealt with at several levels of hierarchy. Covering some of the challenges, it can be summarized as process, people and identity. In all, growing may result in relational distance and confusion in responsibility. Based on the two companies compared in this study, the proposition is supported.

5.3.2 Hierarchical view on organizational identity

The perception of how the interviewees define "culture" has a wide range depending on how they answer and how they speak of culture. Some define culture as "what they do" and "what are the shared values", whereas others see culture as something dynamic and a shared behaviour. Even though the employees have their own definition of culture, the companies have a different priority on culture in terms of how they facilitating the culture.

"*We seek to build a very good academic environment, so people like us will enjoy the work. We wish to build a good work environment. That is a big case for us… We do social stuff. Those are the things we connect to academic arrangements, so that is something we learn. When it comes to the social, we do things often enough. Same with the academic, employees are involved. The enthusiast are pushing it forward, but if this person disappears, I have other to take over, so it is a minimum level of activity. Someone who steps in*", (CEO, Company Istanbul).

When being asked about leadership values, one of the interview objects state:

"*I believe that means quite a lot. And that´s why fusions does not work that well. The fusion between company A and company B was difficult in the start, tricky in the beginning, but has turned into a good fusion*" (Sales Director, Company Maccu Pichu).

"*I think it depends upon how effective the senior management are ensuring that values find their way own throughout al level of the organization… They did an excellent job in making sure that every employee knew what their value and mission was. And when it was changed, it was very well communicated throughout the organization*." (Principal, Company Galapagos). Note that the principal of Company Galapagos is an American native living in Norway and has wide experience from the American industry.

Talking about leadership, one states;
"*Because those who are skilled from each side, are so operative and good to make everyone talk about the same value proposition. Yes, I believe he is good to get his values out. It is the receivers who are poor at understanding what has been said. Because I believe he is good at communicating that*", (Sales, Company Praha)

Emphasized by several of the interview objects, the importance of signalizing values, but also acting upon them is key leadership attributes that affect the organizational culture.
"*Any new action or any new strategy has to be linked back to those values, and if it does not link back to those values, then the strategy is not adopted*", (Principal, Company Galapagos).

Elaborating on the role of management;
"*If you don´t have that commitment at senior level, it won't happen. It doesn't matter if you go from two to five, or fifty to thousand, all depends upon senior managements commitment. There are the ones responsible that the mission goes all the way through*".

As mentioned previously in the literature review, the hierarchical distance is lower in Norway compared to the U.S. The Principal in Company Galapagos emphasized that he has experience with American start-up companies growing rapidly. Values are pushed downwards the organization more proactively when having a higher hierarchical structure. Since the companies of this study have a lower hierarchical structure than most American companies, the lower hierarchical structure benefits the leaders and employees positively. It appears as much of the values and employees due to the lower structure naturally adopt attitude from leadership. The involvement and close relational bonds between leaders and employees allows the companies to let this relational bond become part of the organizational strategy. Instead of having written values being pushed upon the employees, companies with low hierarchical structure benefit from the low structure.

Taking a look at the Norwegian companies with an American view, the hierarchical structure is flat compared to American companies. With this in mind, a general pattern is the close relationship to leaders and leadership values.

"*Actually you can say that our company is built on mentorship. A lot of the attitude you see here in this company comes from the managers at the top. A lot of their attitude spills over at the other employees. Top manager has a high level of activity and inspires others*" (Sales, Company Milano).

This statement underlines the low hierarchical structure, but most importantly the values radiated through attitude and leadership. Confirmed by Company Maccu Pichu, the hierarchical distance serves a purpose in terms of strategy;

"*And that is something we have spent a lot of time on here in Company Macchu Pichu, to make sure the distances remains short. Ensure that everyone has a voice and create safety in anything we do, how we operate the business, talk to the administrative if they wish. That they feel visible, e.g. he is available, harmless. The typical mechanisms that you use to make sure that the distances remains short between those who really do the job and those leading the company*", (Sales Director, Company Maccu Pichu).

Taking a managerial perspective, it appears as if the managers being interviewed, are aware of the benefits of keeping a low structure. As stated above, the management work actively to maintain short distances in hierarchical structure and to benefit from this relationship. The positive sides of having low structure are so obvious, that management work actively to keep this as part of their strategy.

Concluding on the interviews, a general impression shows the awareness by management of the power of providing lower ranks of hierarchy with values and identity. The management are aware of the performance of employees when being included. Pushing the values downwards gives all employees the feeling of equivalence and being part of a flock.

RQ2:

How is organizational identity viewed from different hierarchical levels?

Prop 2:

Higher levels of hierarchy see the value of organizational identity as part of the strategy.

Proposition is supported. A general pattern among the more experienced interviewees are the awareness of a successful work environment. Building such requires long-term goals and values, facilitating and guiding the environment and identity to grow. The lower ranks of hierarchy are aware of the connection between performance and a strong identity, whereas higher levels of hierarchy are aware of using the performance as part of their strategy. On that notion, this conclusion supports the theory by Corley (2004), emphasizing the different view on organizational identity by different levels of hierarchy.

5.3.3 Hierarchical levels affecting values

Her kan det fylles ut fler sitater

This exploratory approach targeting values of employees is an open question with a complex answer targeting social science, which will not be fully answered in this thesis. However, evidence from the interviews reflects the role of the leader, radiating the values as a unifying factor assembling the lower ranks of hierarchy.

A common pattern that I find interesting when asked about values of the *Ideal Employee*, the interviewees from Company *Milano* are coherent in terms of the vocabulary and how they describe the ideal employee. The relation between top management values and the ideal employees strengthens the bond between leadership attributes and values of lower rank employees.

"*So, a person who want promotion is prestige solved, has a high level of activity and self focused. The level of activity shall be high, you work rock hard, and keep a high speed. Not being afraid of meeting clients*" (Sales, Company Milano)

Another states; "*One who actually manage to pull the little extra on those projects we are struggling with. Takes initiative. Not extra work load, but one who grabs the problems and process these*" (Consulting Manager, Company Milano)

Looking at how they respond in difference to the Company Praha, the attitude shows different use of vocabulary when describing the ideal employee.
"*Professionally, you are skilled in the work. And good communicating*" (Product Developer, Company Praha).
"*That is actually hard to answer. Those who leave a mark, often those who do an extra effort, e.g. those who stay late to work. I believe a good employee is someone who knows their job and get it done when handed the task. At the same time a sociable person who shares their knowledge. A hero in Company Praha is someone who contribute to make others better players*" (Human Resources, Company Praha)

Comparing the two companies based on all the statements, it appears as the employees of Company Milano agrees on values and attitude of an Ideal Employee and how they describe construed external image (Dutton, Dukerich et al. 1994; Clegg, Rhodes et al. 2007). The role and the close relationship with management, inspires the employees to describe somewhat the same values and attitude. Taking all interviews from company Milano into consideration, it appears as the employees agree that an ideal employee are aggressive, give the little extra and rise above the normal standard. To conclude on behalf of the statements, the employees have a slight draft towards self-centred motivation, to stand alone and compete.
Not likewise transparent, but still visual, Company Praha leaves a total impression that they are more centred towards social behaviour and standing united. Taking the information from all the interviews into consideration, it appears as the vocabulary and the radiated values are aimed towards social reward. Compared with company Milano, it appears as Company Praha are socially centred towards the group and socially rewarded.

RQ3:

How does the levels of hierarchy affect the values (which are seen as important)?

Prop 3:

The hierarchical position reflects the values appreciated by expectations from others.

Employees show attitude and values comparable with management behaviour, emphasizing the leaders willingness to perform, learn and create. Based on the statements of the employees, analysing the two companies, a high level of agreement towards the values and behaviour are in line. It appears that the agreement among employees can be traced towards leadership assembling the opinions and values of all employees. Anyway, on this notion, the equality of shared values and behaviour proves that they adopt to the same level of requirement by management and this reflects the values and behaviour radiated by management.
The interviewee has a shared understanding of company values and statements, supporting proposition number 3.

5.3.4 Leaving the entrepreneurial phase

As discussed in *5.2.4 Hierarchical challenges of growth* the terms are changed when growing a company. At a certain point, the company attracts people with other intentions. On that notion, some of the interviewees elaborate when a company is leaving the entrepreneurial phase.
Faced with treats from growth, leaving the entrepreneurial phase can challenge the structure and business skills. Growing the organization challenges the company at several stages;
"*I´m also thinking; the first entrepreneurs know the business very well. It is when you get a new set of leadership, when the entrepreneurs retract, then you are risking new leaders that does not understand what you are doing. Than, an outsider can get inside where he has no clue of what the business actually is*", (Sales Director, Company Maccu Pichu).

"*It is easy notifying everyone about everything and you can meet in the cafeteria every day, it is very transparent where everyone know what their doing. Also somewhere between twenty and thirty, not everyone can follow everything. All can not meet regularly,* *and then a bigger need of "capital of structure". Then you have to have regular meeting and prominent management.* The format changes? *Yes, and also a new change occur between 50 and 60 employees. Then even harder to get overview. So you definitely need some levels of hierarchy. And growth goes in steps. Some companies are focused towards maintaining a low pyramid and few layers upwards*", (Sales Director, Company Maccu Pichu).

It appears as there have been unanimous agreement that a company leaves the entrepreneurial phase when employees grow above 20-30. Several of the interviewees have agreed that there is a tipping point somewhere between twenty and thirty employees. Even though several of the interviewees agree that there is a tipping point between twenty and thirty, one emphasizes how management and values are ran in a large corporation:

" *It can definitely happen when going from 10 to 30 to hundres people, its much easier to control then when you are in a big company like Company A that had x thousand employees spread all over the world, and hundreds of offices. They did an excellent job in making sure that every employee knew what their value and mission was. And when it was changed, it was very well communicated throughout the organization. That requires a good infrastructure and commitment and a lot of investment throughout the organization*", (Principal, Company Galapagos).
Even though the statement is contra dictionary to previous statements, the interviewee emphasized several times the importance of signalizing values and act upon them.

RQ4:
What is the entrepreneurial tipping point when growth is requiring hierarchical structure?

Prop# 4:
The tipping point of leaving entrepreneurial phase is around 20-25 employees.
The most experienced interviewees have confirmed that there is a tipping point when number of employees peak somewhere between 20 and 30. Leaving the entrepreneurial phase and entering rule based structured companies with higher need of signalizing

values and maintain a corporate shape. The need of capital of structure is higher and layers of hierarchy are more necessary to maintain structure. This exploratory research suggests that the proposition is supported.

5.4 Connecting the results to the literature

Stated by Corley (2004) the hierarchical levels view the use of organizational identity differently depending, whereas top hierarchy see the organizational identity as part of their strategy and lower ranks as the surroundings. Even though the gap in the literature suggested that companies of lower hierarchical structure may not suffer from the same phenomenon, this thesis adds contribution the existing knowledge of hierarchical structure.

Even though many aspects of social science are not addressed as explanations to the relational bond between organizational identity and strategy, the aspect of age, experience and so on could be discussed as solid explanations.

5.5 Other findings

As a general trend among the companies, some common patterns came visible during coding of the interviews. The two companies "Milano" and "Praha" both agreed to a certain extend that the cultural environment were improving, even though some recalled some bad references when growing. However, the majority of the interview objects are positive to expand the staff. This appears contra dictionary due to the rival explanation and the diffusion of appreciated values. Answering this explanation lays outside the boundaries of this thesis, and refers to social science.

However, there are findings important to address; the awareness of facilitating cultural aspects as organizational identity, signalizing values and using this as part of the strategy, have a shattered priority among the companies studied. Some define culture as an environment that grows uncontrolled and believe that is the purpose of culture, whereas others are facilitating, making sure that the right values and organizational identity are reflected onto the employees as part of the strategy to boost the performance.

Instead of discussing all other smaller findings, reflecting upon the method used in this thesis may explain bias and shortage of data collection. Using previous literature and constructing own models, I will view the methods so later research are aware of the fall pits when collecting data.

5.6 Reflections on Methodology

5.7 Introduction

In this chapter I reflect upon the process of conducting interviews as well as the method chosen for this thesis. I will criticize some weaknesses from the method and bias during interview.

5.8 Learning points from the process

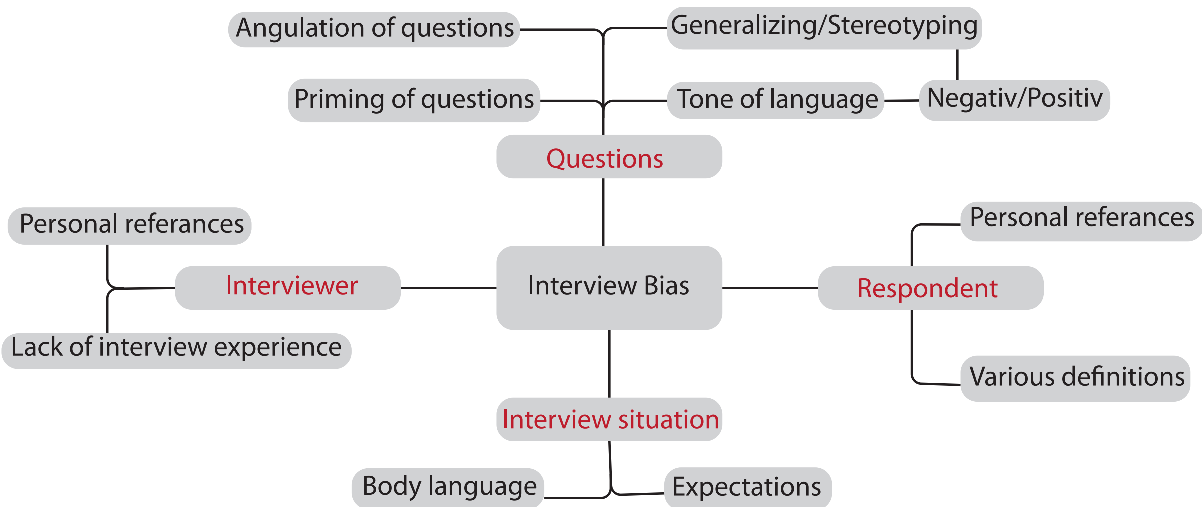

Figure 9; Interview bias

As the interviews were conducted, I soon discovered that I was dealing with social science and questioning human beings perception of their surroundings and how they associated their values, co-employees and managers in a context where the interviewees had scattered opinions and definitions.

After all, aiming the responder onto a certain topic was harder than expected. Mainly because of personal references, tone of language and expectations from both sides, this resulting in massive bias and vague answers. Another misleading expectation from my side was the period of time when conducting the interview, and expect that the respondent would be comfortable to reveal sensitive information within this short time span.
To summarize how interviews are filled with bias, *Figure 9* clarify some sources affecting the research results.

5.9 Political correct data set

Analysing the data set and looking at the vocabulary of how the respondents answered, it appears as the data set is "political correct". When being asked about describing a good employee, most answers where aimed towards the written values of the company, or how the company documents describe values and behaviour of a good employee. In all, it appears that the bias of conducting interviews has lead to an assumption that the interviewee responds, not truthfully, but what they assume I would like to hear. It appears as if they are beautifying the situation, where they feel that they are in a position where they represent the company and cannot reveal secrets, as a sign of weakness.
It appears as Company Milano respondents share a common understanding of how a good employee should work. An additional notification is the gap between the question and the answers. The reasons to answer with a deviating answer can be many, but there might have been a gap between my understanding of how they should interpret the question, and their understanding of the questions.
Reflecting upon why the interviewees answered in a political correct manner, may be due that they represent the company and wish to make a "beautification of the façade".

Other thoughts on why companies had a hard time to participate was due to the sensitive subject of studying organizational identity which appears to be business sensitive.

5.10 Reflecting on my methods

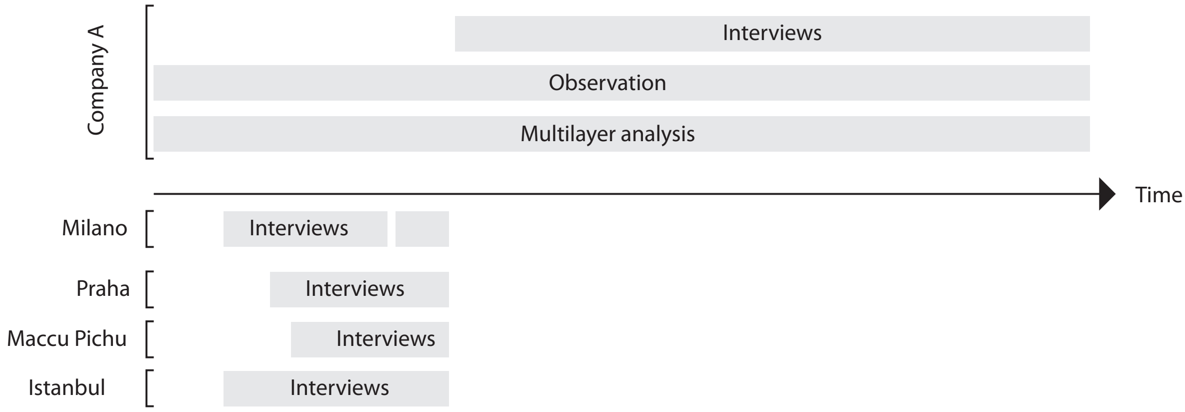

Figure 10; Time span of data collection

To give an overview of the method chosen in this thesis, I have conducted interviews over a period of two months with aim of comparing four IT-companies with additional data from the start-up environment. Previous literature targeting *organizational identity* has used a temporal perspective, targeting one corporation over a long period with multiple sources of evidence (Ref)(Schultz and Hernes 2013). Reflecting upon the method used in this thesis, multiple sources with a temporal perspective could have been used, but needless to say, that has been the learning outcome of this thesis; how you collect valuable data with a minimum of bias.

6 Conclusion

6.1 Summary of the findings

This thesis targets the organizational identity viewed from different levels of hierarchy. The findings prove that the relation between organizational identity is part of strategy at higher levels of hierarchy, are most likely correlated. The findings also revels challenges in terms of distance, loosing identity and diffusion of responsibility when growing a company.
The hierarchical levels are suggests a correlation between expected values and levels of hierarchy.

6.2 Theoretical implications

Even though science has discussed the organizational identity and hierarchical view, this exploratory research adds and verify the existing literature by Corley (2004). Elaborating on the basic concepts of organizational identity, this thesis adds knowledge to the existing knowledge by (Albert and Whetten 1985).

6.3 Practical implications

Finally, this master thesis is an argument for the importance of growing a culture naturally and the how role of a leader/entrepreneur are affecting the values and beliefs of employees. It also emphasizes the value and affects of introducing a hierarchical structure on a company.

6.4 Limitations of the study and future research

This thesis is limited by the fact that this data set implies only for this case study, the two companies involved.
Future research aims to investigate the organizational change of low hierarchical structured company with a temporal perspective with multiple sources of evidence.

Appendix A

Interview Guide

Interview guide for the IT-companies:

1. How do you define a hero or a good employee?
2. What qualities are associated with this person?
3. How is a hero or good employee rewarded?
4. How do you see this company in relation to competitors?
5. How do you differentiate yourself from the competitors?
6. What is your view on the competitors?
7. How would you describe the other employees as a social group?
8. What ritauls are part of your culture?
9. Have you noticed any cultural differences over the last years?
10. In what way have you changed the culture?
11. If so, how has the culture changed over the last year?
12. Has the contribution of new employees changed how you perceive yourself as a group?
13. How has the managers/founders pushed their values/believes onto the company values?

Interview guide for the start-up companies:

1. How would you describe how growth affects the culture of a company?
2. Are there any pains when growing the company?
3. What are your references when experiencing growth?
4. How important is communicating the values?

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Letter of Request

Masteroppgave

Mitt navn er Kristian Løvås, og jeg tar siste semester av en Mastergrad i Innovasjon og Entreprenørskap på Universitetet i Oslo. Jeg er for tiden på utkikk etter firmaer som har enten opplevd god vekst eller passer min masteroppgave.

Jeg har som mål å se på firmaets identitet i lys av hvordan bedrifter vokser og forandrer seg. Kort sagt vil jeg se på hvordan firmaets identitet og de individuelle gruppeidentitetene på arbeidsplassen har forandret seg, eller hvordan de ansatte ser på firmaet nå, kontra tidligere. Det jeg vil finne ut, er om firmaer når et bristepunkt ved vekst, der oppfatning av hvem man er som firma forandres.

I tillegg vil jeg se på hvordan individer assosierer seg selv med firmaet i lys av hvor lang fartstid dem har, og hvilken posisjon (hierarkisk stilling) dem har.
Jeg vil se om det er en klar sammenheng mellom disse faktorene.

Slik jeg går frem for å utføre denne oppgaven, vil jeg gjerne intervjue en til to personer i ditt selskap. Intervjuene er konfidensielle og tas opp på bånd. Det underskrives en konfidensialitetsavtale mellom meg og intervjuobjektet, slik at jeg ikke slipper ut informasjon som kan skade personens omdømme eller firmaets etiske retningslinjer. Intervjuene tar circa en halvtime, og kan kreve oppfølgingsspørsmål ved uklarheter. Intervjuene vil skje i deres lokaler, når det skulle passe intervjuobjektene.

Fremover håper jeg å gjennomføre alle intervjuene før begynnelsen av april. Innlevering for masteroppgaven er satt til 21. Mai.

Hvert firma som bidrar til min masteroppgave vil få innsikt i resultatene. De vil ikke få innsikt i intervjuer eller andre firmaers sensitiv informasjon, da dette er konfidensielt. Etter 2 år publiseres min masteroppgave. Jeg kan da på vegne av ditt firma, søke om å tilbakeholde publiseringen for alltid, hvis dere måtte ønske dette.

Har du spørsmål, ring eller send mail.

Håper på et positivt svar.

Hilsen
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