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# EMPLOYEES' JOB SATISFACTION IN FINNISH STARTUPS

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<p><b>Abstract</b></p> <p>The thesis's objective was to analyze practices utilized by Finnish startups to keep their employees happy at work. As a matter of fact, Finland is undergoing a rising growth of startup culture. Startups are organizations established to seek "a repeatable and scalable business model". Their products either challenge the whole industry, the existing companies or create for themselves a new market. With values which transcends the conventional belief as well as traditional products, startups experience development in such "extreme uncertainty" (Ries 2011). Apparently, people who have not touched the product yet would not utterly fathom its functions and this fact builds barrier to the motivation to devote to the preset visions in a startup. As startups are to achieve values of novelty, human resource is invariably deemed as the most valuable asset. Nonetheless, the uncertainty and inevitable hardship could prevent the employees from continuing their fates with the startups. Therefore, maintaining their fulfillment and satisfaction with their jobs is indispensable to persuade them to stay passionate and contributively grow the startup to reach the desired target.</p> <p>Therefore, the thesis aims to clarify the questions regarding employees' job satisfaction in Finnish startups, which are:</p> <p><i>What is employees' job satisfaction and why it is important for organizations, especially startups to take into consideration?</i></p> <p><i>To what extent do employees in Finnish startups experience job satisfaction?</i></p> <p><i>How Finnish startups keep their employees satisfied during times of changes and challenges when their organizations are more grown?</i></p> <p>The research was completed with the assistance of mixed-methods approach, which combines qualitative and quantitative methods. The data collection process involved interviews with individuals in charge of either human resource or corporate operations in two studied startups (Snafu Oy and startup X) and an employee survey concerning their job satisfaction. The data was then analyzed with the support of the theory in the literature review part. Eventually, the research's validity and reliability were discussed. Furthermore, the thesis also includes suggestions for future studies related to employees' job satisfaction.</p>		
<b>Keywords</b> Job satisfaction, human resource management, startups, corporate culture, work motivation		



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The thesis was accomplished under the idea of having the students to cultivate their knowledge at university into a serious research in their field of interest. I have always been fascinated by the idea of enhancing the quality of employees' life at work and the uniqueness of the startup culture. Therefore, I decided to blend these two elements in my graduation work. The books that change my way of thinking about employees' well-being and how companies should be organized are "How Google Works" by Eric Schmidt, Jonathan Rosenberg and Alan Eagle and "Work Rules: Insights from Inside Google" by Laszlo Bock. Thanks to their revered work that gives me such sheer inspiration for my thesis topic.

The thesis journey has been a memorable ordeal but exciting because I have discovered invaluable knowledge that I could not have thought of needing them before. I still remember how I transform from accomplishing a small part under relentless procrastination to independently searching for materials and whole-heartedly focusing on shaping my brainchild to its most beautiful figure it could possibly have. This vividly demonstrates the fact that I am more and more enthralled by the topic every day. I would like to say thank you to my supervisor, Pia Kaari for her great support in making my work better and soothing my stress. I would like to send my humble thank-you to lecturers Tarmo Ahvenainen and Tommi Salmela for your enthusiasm and patience in appraising my work. I am thankful for the startups joining my research. Your participation has opened my eyes and helped me consolidate priceless data to enrich my thesis's perspectives.

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## INTRODUCTION

### 1.1 Topic inspiration and formation

I have developed my interest in startups and their innovative culture since having my internship at Patteri Entrepreneurship Society (PatteriES). I have always been curious about the success of young tech startups in Silicon Valley as well as Nordic countries and keen on reading news about them. Therefore, working at a startup has been one of my top goals. I am eager to see how they are operated from the view of an insider, not from an article or best-seller book reader's perspective anymore. I got an offer to perform as a marketing intern at Patteri and from day one at work, I felt everything so new and different from what I have studied at school. I attempted to adapt to the new culture with ups and downs but generally intrigued by the fresh experiences I was able to live in. I had the opportunity to find out that "people" is the key to the success in not only large companies but also in startups. With limited resources to reach goals with a disruptive approach, it is necessary that a unique culture in which employees are highly motivated and driven to align their great belief with the organization's unprecedented visions be established.

### 1.2 Research background

#### 1.2.1 Research problem

Finland's startup scene is greatly burgeoning that its culture has inspired more and more young people to pursue independent entrepreneurship rather than desperately hunt jobs in a traditional way. The success is immensely lying in the gaming and tech sector with the much talked-about such as Rovio and Supercell. According to Blank (2010), startups are not the smaller version of large companies, they are in fact looking for a repeatable and scalable business model with lean methods in hope to seed growth in the market or they even create a new blue ocean for themselves. The reason is largely because the values they offer to the potential customers are invariably something that challenge the conventional products as well as what have already been in existence. Thus, how to attract specialists and experts to work for the startup, what kind of culture the organization should apply to encourage creativity and in which way to maintain their belief for the product's



future so that they have motivation to go to work every day are essential questions to elaborate on. In the long run, employees' job satisfaction is the key to this concern.

A company or any organization is a group of human beings, so people is the most valuable asset in a company, as many of us know. Therefore, the thesis aims to reflect insights of how Finnish startups optimize their employees' performance, which contributes to the organizational growth by maintaining their employees' satisfaction.

The thesis would provide readers with fresh ideas about the way startups function, particularly in people issues. When talking about startups, most people would think of them sheltering a mess of young people working on their favorite projects with free meal benefits and entertainment facilities. Google is a pioneer for this phenomenal culture. The facts sound ideal but people would probably wonder how these kids would thrive in such unorganized environment, how the managers make decision when all employees have equal influence on the outcome, how they work hard but play hard at the same time, the list of questions go on and on. Nevertheless, the success of Silicon Valley's used-to-be startups such as Google, Facebook is undeniable. The key is that people are entitled great freedom and comfort to maximize their performance. The future of work should have the companies seriously taking people and corporate culture into their considerations. This is not only applied to startups or small enterprises, any organizations can embrace and realize the idea (Bock, 2015). Crucially, large corporations can learn from these startups to have their employees more empowered as well as encouraged to be innovative in a constantly changing world.

### 1.2.2 Research questions

Most of the startups are doing what they believe can disrupt the industries and challenge the conventional system. Hence, startups aim to get scalable by either disrupting the existing industries, taking customers from established companies or fathering a new, non-traditional market (Blank, 2010). Their product or service is what the customers have not had experience with before, therefore, how to make them welcome the products and have them on the customers' mind when making buying decision are the goals that startups strive for. As discussed above, startups are not the children mode of large

companies, as a matter of fact, they are in the product research and development phase in which trials and errors are what day-by-day chores call for. Making the prototype, getting feedback from real people and improving the prototype's features are the pattern startups are doing relentlessly to get their products more complete and ready to be shipped. Being able to recruit the right people is already an achievement, but how to make them stay, especially when the product after a few trials does not meet expectations or when the startup is running on a limited budget meaning that their salary is unsecured. The thesis would provide answer to this question:

1. *What is employees' job satisfaction and why it is important for organizations, especially startups to take into consideration?*

Employee empowerment in startups is truly a hard-won art. Ultimately, the thesis gathers data to get knowledge of the creation of employees' blissful experiences so that they continue their belief in working in Finnish startups. An environment in which the employees feel enjoyable to work can help improve their performance. Reasonably enough, as proved in a global survey with 20,000 respondents about the quality of their work life, the employees' feelings and their productivity have a causal relationship (Energy Project & Harvard Business Review 2014). Once they feel supported at a healthy workplace, employees' job engagement, which is defined as "the extent of employees' discretionary effort committed to achieving work goals" (Towers Watson 2012), is secured and improved. As a result, the organization can tap into their potential powers and levitate their workers' loyalty, which contribute positively to the overall growth of the organization. Thus, it is vital that the thesis provide insights into the question of:

2. *To what extent do employees in Finnish startups experience job satisfaction?*

On the other hand, once the startup's product obtains success from the market, it is time for the startups to concentrate on further development to continuously offer better values. The battle of trials and errors does not stop when the startup receives positive reaction from the crowd, on the contrary, it gets endless and unleashes more challenges to be conquered. As a result, startups not only await and conquer more challenges which can be regarded as more calm than the beginning but also changes and the most popular fact

is that they need bigger team and more grey matter for greater outcome for the customers, especially when they consider an internationalization strategy. Consequently, corporate culture also faces roadblocks as the startup is not a small team anymore. In fact, it increases in size. The employees who work for the startup from its infancy would have their working space besieged by unfamiliar people and there is obviously a transition regarding the organization's structure and benefits. This transitional period is truly a huge obstacle when they are in a different organizational form from both startups and stable enterprises. Ironically, it is often infamously said that it is chiefly the time when "they fired the founders and took away the free sodas" (Blank, 2010). This question is an ultimate one that intrigues discovery of an inevitable fact when startups face changes and further challenges when they appear to be a defined organization:

3. *How Finnish startups keep their employees satisfied during times of changes and challenges when their organizations are more grown?*

The questions presented above would be the guide for the focus of this thesis and related activities such as interviews, data collection, reflections on existing companies' examples to espouse its content.

### 1.2.3 Research objectives

The research aspires to show how the methods Finnish startups and those of other worldwide-renown successful used-to-be startups such as Google, Facebook and Amazon utilized to keep their employees satisfied when they are at work when they are in the startup stage and when they face the transition to a bigger organization. This is the time that startups in particular and companies and other organizations in general need to shift their viewpoints about the definition of working and human resources management with a particular focus on building culture to unite employees' spirits with the organizational visions rather than making them work as merely duties. The fact is reflected through Antoine de Saint-Exupéry's tidbit of wisdom: "If you want to build a ship, don't drum up the men to gather wood, divide the work, and give orders. Instead, teach them to yearn for the vast and endless sea." Tony Hsieh, the CEO of Zappos used to say: "Businesses often forget about the culture, and ultimately, they suffer for it because you can't deliver good service from unhappy employees." Ultimately, the thesis aims to claim that

keeping employees happy can boost productivity as well as work efficiency and most importantly, any organizations or companies can develop their corporate culture, if they are committed to and believing in this way of working. However, once the startup undergoes the metamorphosis towards a more extended organization, the whole circumstance would change, proving real challenge to the organization and its people to resolve the question of by what means the performance can be optimized when there are more people, more complicated structure, more work to deliver.

#### 1.2.4 Relationship to previous work

As mentioned in the first section, I have had my interest in startups and their culture blossom when doing my traineeship at Patteri Entrepreneurship Society (PatteriES), a student-run organization at Kymenlaakso University which encourages the spirit of entrepreneurship of the university students in particular and the Kymenlaakso region in general. We have organized events as well as mentorship programs to provide young participants with the opportunities to learn about entrepreneurship, how to sustainably realize their business ideas and network with redoubtable individuals.

Furthermore, I had a long time taking patrol leader role in scouting, hence, how to empower my fellows to fulfill our communal goals has always fascinated me. Through actively getting involved in projects and teamwork, I have learnt various lessons from how to make communication with team members useful, what tactics we need to utilize to not only save time but also make everyone in the chain understands their responsibilities and how to keep members in the team motivated through thick and thin. Apparently, there are challenges along the way and I am passionate about embracing them as a prospect of learning and improving.

#### 1.3 The profile of startups studied in the research

The thesis produces in-depth analysis into practical examples of two Finnish startups spreading in two different fields. For the data collection, the researcher interviewed two people who are CEO (Chief Executive Officer) and COO (Chief Operating Officer) as well as CFO (Chief Financial Officer) in these startups. In addition, an employee survey about their job satisfaction

was conducted to further uncover the employees' opinions on an individual basis. Hereby is their profiles in brief:

Snafu Oy is a Vantaa-based startup founded in 2012 specializing in growing fresh different types of sprouts. The products are generally branded with the name Silmusalaatti which are a variety of tasty buds being grown organically in a greenhouse in Vantaa.

Startup X is a medical technology startup founded in 2012 in Turku. The startup aims to deliver novel devices for vision measurement which are easy to use. Currently, the startup has already launched its first product in the market.

#### 1.4 Structure of the thesis

The thesis includes six main parts. Chapter 1 gives the introduction about how the topic is incepted initially and the research work presented in the forthcoming chapters. Details about the research problems, research questions and research objectives are then enumerated in order to act as a guide for more or less understanding what the thesis is about as well as what it aims to deal with.

Chapter 2 covers the theoretical framework, which recites the information related to job satisfaction in startups based on research done by experts in the field. To be more specific, besides reviewing the academic literature, the chapter also showcases the close relationship between human resource management and employees' job satisfaction and at the same time suggests the idea of job satisfaction being a major indicator deciding the organizational growth. Furthermore, startups are defined in more details in terms of their unique working characteristics and crackpot culture. At the end, the startup scene in Finland is expounded in the context of the conditions, its hyperactive growth and the cultural features affecting Finnish startups' working style.

Chapter 3 discusses the methodology implied in the researching process. The research is virtually done by means of qualitative methods, which are composed of semi-structured interview with managers whose focal duty is on either human resource issue or the operational side of the startup, together with an employees' job satisfaction survey. In essence, this chapter consolidates the knowledge of the theory behind each method in use and the

process of creating the materials as well as describes the real action of conducting the research using these methods.

Chapter 4 is dedicated to what the thesis deals with after all the necessary data is gathered. In this chapter, all of the findings from the interviews and the online survey are analyzed in order to answer the research questions mentioned in the first chapter.

Chapter 5 delineates the conclusion based on the data analysis and the discussion in previous chapters. In this chapter, the thesis is summarized in brief through the research overview with the research questions, theoretical framework and methodology applied. In addition, a critical evaluation of the research work's validity and reliability is included. Ultimately, some recommendations for future research regarding the studied topic are postulated within the researcher's knowledge based on the literature information as well as the deeper research from either online or offline materials on related matters to employees' job satisfaction.

## 2 LITERATURE REVIEW

Prior to getting to the practical side of the thesis to answer the research questions, it is vital to get knowledge about the fundamentals of job satisfaction in theory. First and foremost, this chapter would feature essential understanding about human resource management, which in tradition, takes care of organizations' corporate culture and employees' performance as well as well-being. As a result, insights about human resource management's close relationship with employees' gratification towards their job would be provided. Secondly, the chapter would elaborate on employees' job satisfaction on the basis of research done by luminaries in the field. As the focus of this thesis is on Finnish startups, a comprehension about startups' unique culture is important before the research's implementation.

### 2.1 HUMAN RESOURCE MANAGEMENT

Maintaining employee's job satisfaction is one of a few ultimate goals of a function in organizations called Human Resource Management. Therefore, a brief introduction about this overarching field would be presented below as a prologue for the thesis's concentration on job satisfaction at the workplace.

#### 2.1.1 Definition

Every organization, no matter what their size is, makes use of number of capital to proceed their business. Capital can take forms of land, buildings, cash, valuables or machines, acting as resources to fulfill the business' needs for value production. Nevertheless, companies and organizations in wide range of fields all share one fact in common: the capital cannot function without people. Therefore, running a business or getting an organization in good shape to generate favorable outcomes are all about utilizing people's skills and abilities (Dias 2011).

Human Resource Management (HRM) is a function in organizations dedicated to optimizing their workforce's performance by means of practices and methods in people management in order to achieve the organizational goals (Johnson, 2009). In fact, there are two seemingly similar ways of manpower control which are personnel management and human resource management. The latter is a modern approach. Edward L. Gubman once described in the *Journal of Business Strategy* that "the basic mission of human resources will

always be to acquire, develop, and retain talent; align the workforce with the business; and be an excellent contributor to the business. Those three challenges will never change." In "Human Resource Management, v .1.0", Dias (2011) described "HRM is the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them." HRM, in a nutshell, is built on a belief that employees are the company's valuable assets, that there should be a harmony between human resource strategy and the business's general strategy for the achievement of its goals (Budhwar & Sparrow 1997) or corporate culture should be handled in consistence with the elements of corporate strategy (Beer & Spector 1985). HRM is different from the traditional personnel management in the way that it endeavors to bring the organization's people issues to run side by side with those of the business. In other words, HRM is wider in scope than personnel management. The latter only deals with the people-related field separately from other parts of the organization's business, while HRM's operations are also based on tackling those field's activities but with an additional mission of harnessing organizational developmental activities. The activities include invigorating leadership, motivation, boosting the workplace culture and exerting the cross-functional communication of common values.

### 2.1.2 Key responsibilities

Depending on the size of organizations, HRM activities are managed in different ways. According to McKenna *et al.* (2002), for large organizations, HRM is expected to be found as a concrete function as marketing or finance function, filled with people handling various HR tasks together with HR-related leadership to match its decisions with the whole business's objectives. In organizations at smaller scale such as startups or small businesses, this may not be under control of a specific group, but by all managers.

As claimed in Inc. (*n.d.*), the Human Resource Management department organizes its responsibilities in three main divisions: individual, organizational, and career. On the individual scale, HRM aims to assist the employees in recognizing their strengths as well as weaknesses, help them to improve their misconducts and nourish their working ethics for their best outcomes. These are processed through various steps such as performance appraisals, training



and testing. Organizational development revolves around enhancing the system to make the most of their human force and other resources. HRM takes the responsibility for organizational development through initiation and managing a change program, which equips the organization with sufficient tools and conditions to effectively react to internal as well as external forces. Last but not least, career development calls for considering fitting individuals to the right jobs and designing their career paths for the best performance.

The concern about the development of both individuals and the organization creates HRM's particular character. Its fundamental responsibilities are: "job analysis and staffing, organization and utilization of work force, measurement and appraisal of work force performance, implementation of reward systems for employees, professional development of workers, and maintenance of work force." (Inc., *n.d.*)

Lying in the theoretic centre of the organization, HRM functions would be capable of getting access to other departments of the business. Due to the fact that HRM department has duties related to the management of workers' performance and growth, their staff should be able to get support and approach the key decision-makers with ease. Hence, with their unique characteristic, in real life, HRM department should be located in a place which enables convenient communication with other departments in the company (Inc. *n.d.*).

### 2.1.3 HRM today, changes and challenges

As stated in Inc. (*n.d.*), the world is constantly changing with novel business trends which definitely place great influence on how HRM works. The exponential growth of technology has been the most impressive which takes communication and information exchange to a new level. The technological boom provides breathtaking conditions to improve the interaction among workers in the company, especially when technology is more affordable to people, information exchange becomes more instant, which drives better cooperation not only with employees in one place but also convenience in connecting those who are staying remotely. Furthermore, in accordance with Dias (2011), technology helps make HR function more smoothly with management system regarding storing recruitment information, employee data, compensation and training. Due to great reduction of distance burden

through technology usage, businesses and other organizations can operate with people from all around the world. This stimulates globalization, however, simultaneously, once involving various cultural background, there are huge challenges of misunderstanding and cultural sensitivity. HR managers should be able to ensure that technology should become a more comfortable means of communication rather than productivity downsizing scheme owing to incomprehensibility. Additionally, online social networking has become another challenge for employee management. “Cyberloafing” is a term depicting the decreased productivity as a consequence of the employees utilizing computers and other electronic devices for personal reasons (Dias 2011).

The problem has been more popular since the development of social network sites such as Facebook, Twitter and YouTube. Because the Internet and technology play larger role in business activities, it is inevitable that these have initiated further stress for employees with “increased job demands, constant change, constant e-mailing and texting, and the physical aspects of sitting in front of a computer can be not only stressful but also physically harmful to employees” (Dias 2011). In other words, while technology has its vast benefits, we cannot deny its flip side which is gradually debilitating employees’ productivity and health or even their own lives.

The economy health is unpredictable and businesses are adversely affected during turbulent economic times. Apparently, high unemployment and layoffs are managerial HR issues (Dias 2011). Making decisions on cutting down the number of workforce is stressful for HR managers. They have to be considerate enough to keep the right ones to stay. However, firing people who are sincerely loyal and contributive to the company’s success is hard because despite their valuable characteristics, it is uncertain for them to find another job which secures their financial freedom and above all, makes them satisfied and fulfilled. Similarly, in an affluent economy, demand is escalated, making massive hiring the solution. Massive hiring creates job opportunities for a number of people but having the barriers lowered also press the quality down, which is also the fruit of overwhelming training procedures. Nevertheless, ironically, there are some industries suffering from workforce shortages, requiring HR managers to flexibly elevate current employees’ abilities to react to changes by training programs about updating new knowledge and new

technology usage to them. The training should be properly designed to nurture the employees' adoption of new skills because it also depends on individual capability to be susceptible to change (Bradley *n.d.*)

The future becomes more unstable with dramatic transformation potentially happening in any area. The most evident example is great leaps in technology which renews itself in the matter of seconds. Changes culminate employees' anxiety or even more seriously, resistance (Bradley *n.d.*). The most common example is how cutting-edge technology with better quality and affordability is threatening the workers being replaced by machines in certain jobs.

Therefore, equipping human resource with open minds to changes is indispensable for maintaining the organization's sustainability. Of course changes can aggravate them with ease, especially with the aforementioned case, the companies should create adequate strategies to conquer their resistance by for instance, providing them with opportunities to learn new skills and be aware of making themselves valuable in other roles or even better, they may find themselves truly suitable to something else. Ultimately, successful management towards changes is when changes are regarded as opportunities rather than such roadblocks from the perspectives of the management team and the employees. Obviously, flexibility should come from both sides for the best results.

#### 2.1.4 HRM relationship with job satisfaction

As HRM characteristics are discussed above, it is clearly seen that HRM makes a great impact on the organizations' performance based on the core emphasis on people issues. Organizations stay alive through activities energized by human beings and driving employees' commitment to contributing their utmost values to the places they work for is a ubiquitous aim of every organization. In order for the employees to passionately develop their bond with the companies, their job satisfaction is undeniably a major decisive element. In addition, the world is moving forward with increasing awareness about enhancing welfare equality for everyone. Thus, issues related to the improvement of people's quality of enjoying their work and life have been taken into more consideration.

HRM and job satisfaction, as a result, are vastly studied all around the world. Ting (1997) once cited that HR practices and job satisfaction are inextricably

correlated. Sharing the same standpoint, Appelbaum *et al.* (2000) held a strong tenet about the logics among HR practices, job satisfaction and afterwards, blossoming organizational performance. Besides, there is a variety of research wanting to discover the brotherhood relationship between HR practices and job satisfaction in real-life organizations. The good news is most of them strongly prove the positive correlation between these two variables. For example, Edgar and Geare (2005) did an examination on the effect of HRM on several employees' attitudes such as job satisfaction, organizational commitment and organization fairness in New Zealand. The result found was that HRM activities made considerable influence on those three of employees' attitudes. Aswathappa (2008) remarked that good HR planning would culminate in job satisfaction enhancement and that organizations should take HR plans more seriously to further motivate their employees.

## 2.2 JOB SATISFACTION

### 2.2.1 Job satisfaction definition

Job satisfaction is a popular research topic and its concept has been burgeoning with works by many practitioners and researcher. Based on numerous studies, occupational stress, exhaustion and job dissatisfaction are common issues in Western societies, mostly. Because organizations can only grow and mature through views, attitudes, opinions and productivity of their human resources, the amount of research dedicated to employee satisfaction has surged rapidly (Witt and Beokermen 1991; Jenkins 1993; Judge and Watanabe 1993). According to Judge and Church (2000), job satisfaction is the most extensively researched subject in industrial or organizational psychology's history. As stated by Singh and Sinha (2013), satisfaction of the employees is crucial for achieving organizational excellence. Once the employees are satisfied, the employers and the whole organizations can positively benefit as job satisfaction is relatively linked to improved productivity, creativity and commitment to the employer (Syptak *et al.* 1999 cited in Berry & Morris *n.d.*:4).

Locke's (1976, 1304) definition about job satisfaction is probably one of the most widely used in organizational research. He describes job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences". There are other ways of defining it as well, among

many of those, there is a simple definition given to job satisfaction that it is how satisfied and fulfilled an individual is with his or her employment (Spector 1997). The degree of work happiness is measured at either global level (whether or not the individuals are satisfied with the job in general) or facet level (whether or not the individuals are pleased with different parts of the job). As enumerated by Spector (1997), there are 14 common facets, namely: *Appreciation, Communication, Coworkers, Fringe benefits, Job conditions, Nature of the work, Organization, Personal growth, Policies and procedures, Promotion opportunities, Recognition, Security, and Supervision*. Besides, Vroom, illustrates job satisfaction by placing emphasis on the employee's role in the workplace. For that reason, he delineates job satisfaction as affective inductions from the individuals' viewpoints toward their work roles they are performing (Vroom 1964). It is clear that there are different opinions from a variety of authors, researchers and scholars when it comes to characterize what job satisfaction is. Hoppock referred to job satisfaction as a set of psychological, physiological and environmental conditions that make a person frankly say "I am satisfied with my job" (Hoppock 1935).

The definition of job satisfaction by Hulin and Judge (2003) is a more recent one. They state that job satisfaction involves multidimensional psychological responses to an individual's job. These personal responses are then categorized into affective (emotional), cognitive (evaluative) and behavioral components. Job satisfaction scales differ in the scope to which affective and cognitive responses are gauged. Affective job satisfaction is subjective in the way it indicates the emotional feeling individuals have about their job. Affective job satisfaction, therefore, portrays one's level of gratification that their employment chiefly generates. On the other hand, cognitive or evaluative job satisfaction is in fact a more objective and logical appraisal of a job's multiple aspects. Cognitive job satisfaction is comprised of only one part of the job such as reward policy or annual leave or can be multidimensional if two or more aspects of the jobs are assessed in parallel with each other. Moreover, cognitive job satisfaction does not evaluate the scale of indulgence or delight from certain job facets, but concentrate on the extent to which the job executer judge these facets to determine the comparison with the objectives they set or with other jobs. There is the likelihood that cognitive job satisfaction breeds

affective job satisfaction, these two elements are discrete with divergent antecedents as well as consequences.

In addition, job satisfaction can be taken into account in a wider context of array of issues influencing one's experience at their workplace or their working life's quality. Job satisfaction can be fathomed together with its association with other key factors, for instance "general well-being, stress at work, control at work, home-work interface, and working conditions." (Tomazevic *et al.* 2014).

Job satisfaction can be taken into consideration as one of the most important factors deciding the effectiveness of the organizations. Lately there has been major shift in managerial paradigm which declares that the employees should be treated and deemed as human beings who have their own wants, needs and personal aspirations. Quickly enough, employees' job satisfaction has grown into a fundamental indicator to evaluate the way the company functions because it has been generally known that happy workers are productive ones.

The significance of job satisfaction has especially burgeoned when there are escalating negative issues acting as the aftermath of job dissatisfaction such as deficiency of loyalty, increased absenteeism, derailed productivity or eroded cooperation among people in the companies. In short, keeping the employees satisfied is the essential first step to make them engaged with the job and extend their discretionary effort for the organizations they work for (DecisionWise *n.d.*). Being satisfied means being acceptable with the working characteristics in general, including working benefits, effective communication channels, sufficient training or support to complete the performance. However, job satisfaction needs to grow larger rather than stop at the initial impression of being just satisfied in order to keep the employees stay as well as dedicate their extensive efforts to serve the company's belief and goals.

There are three salient characteristics of job satisfaction, in accordance with Spector (1997). First and foremost, organizations should be steered by human values. Such organizations would be directed towards providing the employees with fair and respectful treatment. The assessment of job satisfaction in these cases would serve as a useful indicator of measuring employee effectiveness. It is easily deducted that high levels of job satisfaction is a good signal of pleasant emotional and mental state of the

employees. Secondly, the behaviors of workers as an outcome of their satisfaction level would impact substantially the activities and productivity within the business. As a result, it can be concluded that job satisfaction will conceive positive behavior and vice versa, dissatisfaction would create negative demeanor from the employees. Last but not least, job satisfaction should be regarded as indicators of organizational activities. Job satisfaction evaluation would give business units across the organization better insights into their employees' working life and shape proper strategies to incentivize their gratification towards the job they are performing in order to deliver better results.

In 2011, the Society for Human Resource Management (SHRM) conducted a job satisfaction survey aiming at the U.S. employees. The survey required the respondents to name ten influencers to their satisfaction at work. The most voted factors are: Job security, opportunities to use skills and abilities, organization's financial stability, relationship with immediate supervisor, compensation and benefits. Table 1 shows in details top 10 elements deciding job satisfaction.

Table 1. Top 10 Contributors to Employee Job Satisfaction (SHRM, 2011).

Factor Contributing to Job Satisfaction	% of Respondents Rating Factor as "Very Important"
Job security	63%
Opportunities to use skills and abilities	62%
Organization's financial stability	55%
Relationship with immediate supervisor	55%
Compensation	54%
Benefits	53%
Communication between employees and Senior management	53%
The work itself	53%
Autonomy and independence	52%
Management's recognition of employee performance	49%

## 2.2.2 Models of job satisfaction

### 2.2.2.1 Edwin A. Locke's Range of Affect Theory (1976)

The Range of Affect Theory by Professor Edwin A. Locke is perhaps the most well-known model about job satisfaction. The theory discusses that job satisfaction is verified by the deviation between "what one wants in a job and what one has in a job" (Singh & Sinha 2013, 1). To be clearer, Range of Affect Theory makes a statement that the level of values an individual perceive

toward an aspect of the job, for instance, how autonomous in a position he or she is, would directly decide how satisfied or dissatisfied that one becomes in case their expectations are met or unmet. In other words, once a person values a specific facet of the job, their gratification would be surely affected, either positively if the goals are adapted, or negatively once their targets are unmet, in comparison with the employee who barely values that job's facet. To clarify the theory, if employee A values workplace's autonomy while employee B has no interest in the degree of autonomy he or she wants, employee A would be highly satisfied if the organization offers such autonomy to he or she. Besides, employee A's satisfaction plunges if the work position has little to virtually no autonomy while this fact does not affect employee B much.

#### 2.2.2.2 Maslow's Hierarchy of Needs (1943)

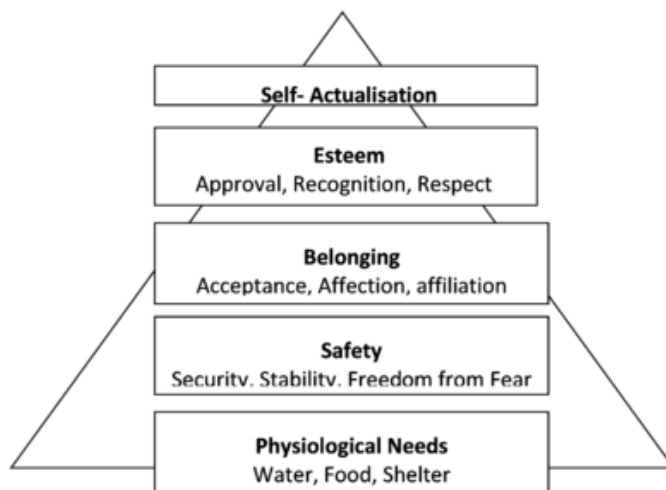


Figure 1. Maslow's Five-level hierarchy (Becker 2011).

Maslow's needs hierarchy theory is widespread known in human motivation literature. Besides, it was one of the first theories examining salient attributes to job satisfaction. As reflected by Figure 1, human needs are categorized into five-level hierarchy, comprised of physiological needs, safety, belongingness/love, esteem and self-actualization.

Maslow's hierarchy of needs also suggests that there are basic needs to be met initially as physiological needs and safety, before more complex needs are expected to be met. The pyramid hierarchy is useful in explaining human motivation in general. Nonetheless, the model can be applicable to the work settings, which is also reasonable in expounding job satisfaction. Inside an



institution, financial compensation and healthcare policies such as insurance or nowadays, in many companies, there are in-built clinics so that the employees can visit once they have problems, are the examples of benefits that help the employees attain their physiological needs.

Safety needs can be comprehensible in the way that the staff feel not only physically safe in their working environment but also mentally stable, which is well-postulated through job security and freedom from fear. Job insecurity is claimed to be a main work-related stressor, adversely influencing a raising number of employees. Exposure to job insecurity regularly enough and this fact would be followed by series of health drawbacks, especially mental degradation (Burgard *et al.* 2009). Employment insecurity can grow through employee reduction owing to financial savings, mergers and acquisitions, restructuring, work practices being changed and seeking outsourcing personnel for better labor costs and aiming to be competitive (Cascio 1999 and Ganster 2002). Working under the pressure of these circumstances, the employees have to constantly face the fear of them being replaced or fired. They worry if their bosses will sacrifice the numbers to save them or vice versa. According to Simon Sinek, this fear increases the probability of diseases for example diabetes, cancer or in short, “their jobs are killing them”. Henceforth, maintaining safety for the employees through keeping job security, stability and freedom from fear at workplace is essential to make them satisfied.

When this level is satisfied, the employees would have a feeling of belonging to the place they are working. The feeling of belonging can be also initiated through good relationships one has with their colleagues and supervisors and being part of a well-functional team trying to accomplish shared job responsibilities. Additionally, the sense of belonging would be created through social interaction. The level of social interaction aspired by the employees would depend on whether they are introvert or open themselves with ease. Crucially, people tend to desire a working environment where they can guarantee good social life. The managers can take advantage of this point by rewarding staff cooperation, which effectively motivates interpersonal affiliation. Besides, transparent communication as well as ongoing managerial communication about operational matters are also vital to satisfy the employees’ social needs. Being kept in the dark about what is going on would

vitiate the employees' confidence and increase their feeling of being isolated, that they are not trusted. It is especially serious to virtual employees or the ones who work remotely from brick-and-mortar workplace whose absence from real attendance at work would result in less belonging mentality, which requires extra obligation on managers to keep these employees properly involved in organizational communications in one way or another.

When these needs from the pyramid are met in the bottom-up way, an employee would prefer to have higher levels of needs which are esteem and self-actualization adapted fulfilled. Esteem needs call for approval, respect and recognition from others. It has to do with the employees' image security and a desire to be given additional responsibility as a manifestation of greater trust and belief in their abilities. Even if an individual does not need the promotion to management position, he or she probably does not want to proceed with the same working post for 20 years. That person wants to have his or her hand in the project team, for example, get the responsibility to complete a challenging task, have the opportunities to learn new knowledge and other duties, or simply put, expand his or her duties to some extent (Tanner *n.d.*). To add more insights, cross-training, job enrichment and important assignments are popular methods to make work more rewarding. Moreover, allowing employees to participate in the decision-making process on organizational-scale matters would enhance their self-esteem. Ultimately, there should be concrete rewards after the individual achieves his or her goals well such as a bonus, job perks, promotion or holiday package. The managers should ponder offering rewards coming from both the organization and from performing that job. To recapitulate, the managers should take into their account the employees' seeking for esteem by proposing praise as well as recognition when they have done a good job. Promotions and supplementary responsibilities are not only great reward but also proof of the managers or team leaders' belief and confidence that they are valued employees.

The final step in satisfying the employees' need is self-actualization. Self-actualization delineates the need of pursuing an individual's full potential. 'Self-actualization', defined by Oxford Advanced Learners' Dictionary, is "the fact of using your skills and abilities and achieving as much as you can possibly achieve". Once four other needs are well adapted, the employees are motivated to make efforts to further growth and personal development.

According to Hartzell (*n.d.*), the need to become what one has the best capacity of is highly individualized, “while I might have the need to be a good parent, you might have the need to hold an executive-level position within your organization”. At the top of this hierarchy of needs, managers should concentrate on the promotion of a working environment in which an employee can meet his or her own self-actualization needs through “providing challenging work, inviting employees to participate in decision-making and giving them flexibility and autonomy in their jobs” (Hartzell, *n.d.*).

As the name of the theory suggests, the needs need to be met in hierarchical order. This “progression principle” proposes that lower-level needs must be obtained before needs on higher levels. When a need of the pyramid is pleased, the lower needs must be already achieved. On the contrary, there is an opposite theory called “deficit principle” which implies that once a need is gratified, it is no longer a stimulus because one would take action towards unmet needs. According to Tanner (*n.d.*), the implicit idea of Maslow’s Hierarchy of Needs is that our needs are changing from time to time. One need is attained and we naturally desire other needs, which is reasonable enough. Tanner (*n.d.*) gives vivid examples that are: “Will the challenging job we began 5 years ago have the same effect on us today? Will the performance award we received last year completely satisfy our need for recognition for the rest of our lives? The answers to all of these questions is clearly, no.” The beauty of Maslow’s theory of motivation is here. Because employees’ needs transform constantly, to make them happy, the managers have to continuously adapt to the employees’ evolving needs to keep their human resource motivated.

### 2.2.2.3 Herzberg's Motivation-Hygiene Theory (1959)



Figure 2. Herzberg's Two-factor Theory (Redmond 2015).

Two-factor theory, also called motivation-hygiene theory, was developed by Frederick Herzberg. The theory is based on the tenet that there are two factors affecting job satisfaction. Herzberg held the belief that motivation does not come from external rewards, for instance, bonuses or high pay. It is born out of the authentic nature of the job. Two factors his theory claims about are extrinsic, or “hygiene” factors and intrinsic motivators. They are associated with their correlated constructs – satisfaction and dissatisfaction. Hygiene factors or extrinsic factors are related to the job context, for example, company policies, compensation or working conditions. Herzberg (1974) believes that these factors do not motivate individuals but can cause or prevent dissatisfaction. Extrinsic factors construct dissatisfaction or less dissatisfaction, which mean with only these factors, satisfaction cannot be achieved. The theory suggests that when hygiene factors are not high, the employees are not satisfied, but when these factors improve, the employees are in the state of being not dissatisfied or neutral, not necessarily completely satisfied and feel motivated, as shown in Figure 2. Therefore, one reaches job satisfaction once motivational factors or intrinsic factors are well established. Intrinsic factors are the motivational elements having to do with job content which consists of meaningful tasks, recognition, room for personal growth and opportunities to learn. These factors are able to develop employees' job satisfaction and motivation. Figure 3 below expresses different combination of the two factors which lead to satisfaction and dissatisfaction.



Figure 3. Combination of two factors in Two-Factor Theory (Redmond 2015).

Herzberg demonstrates that the feelings of satisfaction and dissatisfaction about job are not on two opposite matters, but they are actually two different constructs. Job satisfaction can only exist if there are motivational factors. Similarly, hygiene factors can only cause dissatisfaction or no dissatisfaction and motivation cannot be achieved if the employees are dissatisfied.

#### 2.2.2.4 Job Characteristics Model (1975)

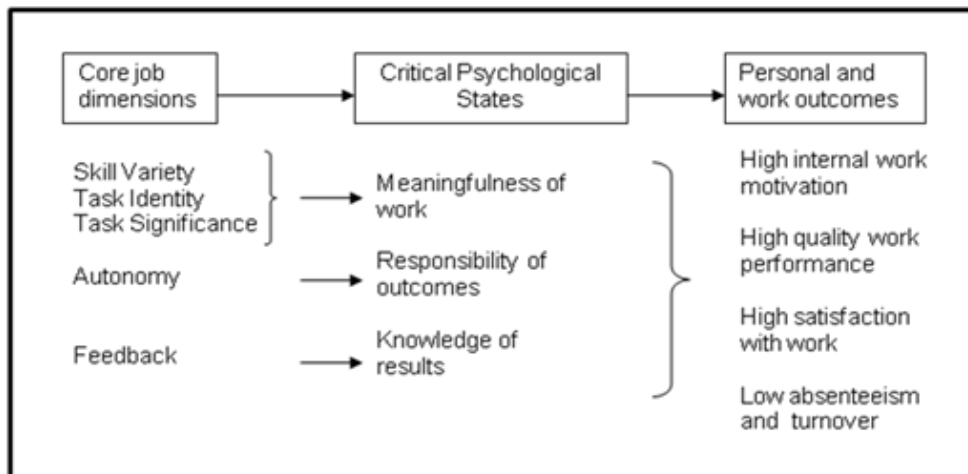


Figure 4. The model of job characteristics by Hackman and Oldham (1975).

Job Characteristics Model (JCM) is the theory that gives the best description of the working environment's role in delivering "mentally challenging work" to the employees (Judge and Klinger 2009). The model discusses that the intrinsic nature of work is the fundamental factor spawning employees' job satisfaction. In details, a bland and monotonous job appears to be the hindrance to good performance, while a challenging job would boost motivation as well as satisfaction. As can be seen from Figure 4, the model,

through the explication by Hackman and Oldham (1980), focuses on five core job dimensions which makes the job more fulfilling and interesting enough:

(1) Skill Variety is the degree to which the employees are engaged in various tasks, requiring them to utilize the maximum of their skills. The jobholder is offered tasks that not only requires their existed skills and talents but also calls for the development of new skills and experience. These tasks make the employees feel they are doing something meaningful that challenges to exert themselves to the limits rather than elementary and routinely repetitive jobs (Hackman & Oldham 1975)

(2) Task Identity, is the degree to which the employee can get involved in the identification and completion of a work responsibility with concrete outcome. The employees undergo more meaningfulness from a job when they have the opportunity to expose themselves to the job from the beginning to the end rather than just a part of it.

(3) Task Significance is the degree to which the job empowers others' lives. The impact can be in both the organization and the exterior environment. The workers have a sense of doing meaningful job when they are aware that what they are working on positively encourage either psychological or physical well-being of other people rather than job that barely has impact on anyone else.

(4) Autonomy is the degree to which whether the job presents the employees with substantial freedom, independence and the freedom of choice to determine the steps in proceeding the job. In the jobs with high level of autonomy, their outcomes come from the employees' own efforts, solutions and initiatives rather than being supervised or instructed by higher-rank people or following the procedures in a job manual. Therefore, the jobholders feel more responsible for their own successes and malfunctions at work.

(5) Feedback is the degree to which the workers has "knowledge of results". This is clear, detailed, specific and actionable information about their job performance. This part is essential because due to the receipt of feedback, the employees have the chance to have better awareness about the values they delivered and the impact that their performance has on the outcome. Besides, once they get objective feedback about their performance, they would understand exactly what they need to do to improve their productivity.

Based on the theory, jobs which are able to include all these core characteristics have the likelihood to adapt to the employees' desires for mental challenge and accomplishment in their work, therefore, the employees would appear to be more satisfied and motivated (Judge & Klinger 2009). The critical psychological states which are deducted from the job characteristics (meaningfulness of work, responsibilities of outcomes and knowledge of results) generate positive outcome afterwards which are high internal work motivation, high quality work performance, high satisfaction with work and low absenteeism and turnover. These not only portray the efficiency of the responsibilities they are in charge of but also act as incentives for them to contribute better in the future for the organization.

## 2.3 Job satisfaction measurements

### 2.3.1 Importance of job satisfaction measurements

As stated by Judge and Klinger (2009), scores collected from valid measurement of job satisfaction are the most crucial information for the organizations. The scores not only provide proof for the present situation of the management effectiveness but also give the organizations predictions about a wide range of job behaviors. However, number of organizations are openly doubtful about whether to take employees' job satisfaction into consideration. There was one study revealing how managers appreciate job satisfaction and gathering the comments below (Judge & Church 2000):

- “Job satisfaction is virtually never discussed in the senior staff meetings I attend within our business unit.”
- “Job satisfaction is not measured. Because this is Wall Street, money talks. If people weren't happy, they could have moved their whole team elsewhere.”
- “Job satisfaction is not measured or considered at all.”
- “There is some questioning of whether job satisfaction is desirable anyway.”

Organizations should be strongly recommended to consider more emphasis on job satisfaction (Judge & Klinger 2009) because as a matter of fact, job satisfaction has inextricable relationship with many outcomes that are

indispensable for individuals and organizations to know about. Some of the outcomes which are closely related to job satisfaction are:

#### *Job performance*

The two elements, job satisfaction and job performance have a unique history. Back in 1985, there was a quantitative literature review postulated that the correlation between job satisfaction and job performance are surprisingly low (Iaffaldano & Muchinsky 1985). The research discovered that job satisfaction and job performance's relationship is also dependent on job complexity, meaning that whichever job with higher complexity would yield higher correlations between satisfaction and performance, but this fact rarely happens when the employees perform a low to moderate complexity job. Nonetheless, more evidence has emerged, uncovering that the link between these two are, as a matter of fact, greater than the result prior research had shown. An intricate review of 300 studies proposed that after the correlations being refined with care of sampling error and measurement error, the ultimate true score correlation between job satisfaction and job performance in general is 0.30 (Judge *et al.* 2001). Therefore, the score is self-explanatory in the way that a happy worker would be a productive one. Another evidence showed that at the work unit level, those units in which the average employees are pleased with their job have high likelihood to perform at a higher level than the units whose employees are less or not satisfied (Harter *et al.* 2002). Besides, it is certain that job satisfaction and job performance affect each other reciprocally. As depicted above, a happy worker delivers a fruitful job, but the same thing can happen in the opposite way, good job performance could take the employees to the point of satisfaction, especially when they are rewarded (Judge & Klinger 2009).

#### *Withdrawal behaviors*

Job satisfaction presents a consistently negative correlations with absenteeism and employee turnover. Job dissatisfaction is shown to have negative correlations with certain withdrawal behaviors such as unionization, lateness, retirement and drug abuse. Besides, Harrison, Newman, and Roth (2006) and Fisher and Locke (1992) have claimed that while these certain behaviors are gathered as indicators of a general withdrawal syndrome, job satisfaction is quite predictive. Likewise, there was a longitudinal study



implying that among other working attitudes, job satisfaction is a powerful predictor of absenteeism, declaring that elevating job satisfaction and organizational commitment are promising strategies to cut down on absenteeism and turnover intentions (Cohen & Golan 2007). Recent research has shown that the intention to quit alone can draw negative effects on “performance, organizational deviance, and organizational citizenship behaviors” (Krishnan & Singh 2010).

### *Life satisfaction*

There is evidence indicating that job satisfaction is also from moderately to strongly related to one consequence that is vital to individuals – life satisfaction (Tait *et al.* 1989). Owing to the fact that work accounts for a significant part of one’s life, the correlation between job and life satisfaction makes sense – the individual’s job experiences “spill over onto life” (Judge & Klinger 2009). Henceforth, people performing the jobs they favor, they have higher tendency to be engaged in happy lives. As the organizations are making efforts to stay sustainable and efficient, accumulated interest has been largely placed in the concept of work-life relationship. According to Dolan and Gosselin (*n.d.*), the researchers have been studying why people have specific behaviors, what effect these behaviors have on their life and health, as well as how to put such behaviors under control within the organization so that it can nudge towards better economic results as well as thrive in a more and more competitive business environment. Such interests amplified organizational innovations that consider individuals’ lives as important and deserving to be taken good care of, which led to rising organizational sponsoring programs such as Employee Assistant, Recreational Activities and so on.

So far, scientific literature has recommended that the relationship between job satisfaction and life satisfaction can be classified into three alternate forms: Spillover, compensation or segmentation. The early studies focused on spillover effect, claiming that “attitudes and practices developed in one sphere of life can spill over into another – killing time at work can become killing time in leisure, apathy in work place can become apathy in politics, alienation from one, alienation from the other” (Wilensky 1960). In the 1970s, researchers enhanced the hypotheses about compensation connections between job and life satisfaction. Mansfield and Evans (1975) and Kabanoff (1980) made the

conclusion that groups of workers who suffered from deprivation at work desiring to search for compensatory rewards outside work. Therefore, in general, the conclusion drawn from these studies that either job satisfaction or life satisfaction compensates for lower satisfaction in other field. Simply put, compensation establishes a negative relationship between these two satisfactions (Rain *et al.* 1991). In the 1980s, another approach was proposed, which was segmentation theory. The theory made it certain that what people decide to do in their free time have nothing to do with the characteristics of their employment experiences (Gupta & Beehr 1981). The segmentation effect is observed once there is no correlation between these two realms of life.

### 2.3.2 Job satisfaction measurement

Job satisfaction's measurement methods can be categorized into three main themes: single question, global measurement and facet measurement (Mitchell *et al.* 2013). The single question only asks one question in order to indicate the level of employees' satisfaction at work. This method is commonly used in large surveys, for instance, the US National Longitudinal Survey. The Survey would ask such question like: "How do you feel about the job you have now?", and entail the respondents answering on a scale, for example, "like it very much, like it fairly well, dislike it somewhat, dislike it very much", according to Mitchell *et al.* (2013). Despite the supposition that asking more questions can achieve more objective and precise results as well as lead to less error, research has demonstrated that one single question on job satisfaction in general or in particular facet of its can be equivalently effective (Nagy 2002). This approach holds a belief that the workers universally know how satisfied they are, thus, it nearly does make no sense to bombard them with multiple questions to really find out this truth.

The global measurement method aims to achieve a single score which represents the employees' overall job satisfaction. The survey would require the answerers to respond to several questions or statements about various areas of the job (for example pay, organizational activities, employment conditions and career trajectory opportunity) then these will be ultimately gathered for an overall score. On the other hand. Contrariwise, facet measurement method also involves the preparation of questions regarding various aspects of the job, however, one score will be finalized for each

aspect. Established global measures are Job Satisfaction Scales (Warr *et al.* 1979) and the Overall Job Satisfaction Scale (Brayfield & Rothe 1951) when Job Descriptive Index (JDI) delivers results based on facet measurement (Bowling Green State University 2012).

The diversity of job satisfaction measurement methods are useful for those intending to get knowledge of their organizations' employees' gratification because they have various options to choose from. Nevertheless, the existence of so many options can make it complicated to compare while a poor choice of measurement can give way to unreliable or invalid outcomes (Astrauskaite *et al.* 2011).

### 2.3.3 Issues with measurement

The selection of suitable measurement and the result interpretation after collecting data carry such issues that need to be taken into consideration when the availability of questions and measures for job satisfaction assessment is ubiquitous. The abundance of job satisfaction measurements has given rise to the number of issues of their reliability and validity. It is far more problematic when the appraisal is made across cultures, languages and ages and these factors would baffle the results attained.

#### 2.3.3.1 Reliability and validity

Job satisfaction measurement methods exist under a variety of forms. However, many among those, conducted by both academics and practitioners, are not adequately valid or reliable (Van Saane 2003), which means the measure might not either produce accurate measurement about job satisfaction or be able to deliver results with consistency. Vaan *et al.* (2003) examined 29 widely used job satisfaction measures described in the academic literature, following two criteria of validity (does it evaluate what it is destined to) and reliability (how consistent the measurement's results are). Their research noticed that only seven of the measures are fully qualified of being both valid and reliable. As a result, those who decide to conduct job satisfaction measurement have to make sure that the measure method being utilized would be proved to consist of reliability and validity characteristics.

### 2.3.3.2 Cross cultural issues

Businesses and organizations operating in various countries and regions need to have awareness of the sufficiency of the chosen job satisfaction measure to a specific work force (Arnold *et al.* 2002). The usage of multiple methods to different workforce would be likely to cause difficulty in comparison, according to Liu *et al.* (2004). Nonetheless, the utilization of the same method in different areas in the world can be aggravating because apparently, people in different regions respond distantly.

The use of any scales which transcend national borders is associated with numerous problems. The users of certain measures should consider how language and culture would make impact on the collected results (Liu *et al.* 2004). Language dominantly influences how people would have perception towards the reality because different languages would deliver “different labels for concepts and objects (Werner & Campbell 1970). Things are easier when measuring the same method in two countries speaking the same language with few issues than in countries having different mother tongues. People speaking the same language would have analogous comprehension and another advantage is that no extra translation is required, which eschews the deviation between the original and the translated versions. This can directly affect the measurement results, either because of the inability to use matching vocabulary or translate (Liu *et al.* 2004). However, inevitably, once the scale of the same language is under the administration of two different cultures, the values of what is collected would be understood in different ways, which is likely to get far from the original (Schwartz 1990). On the other hand, from different culture’s perspectives, the rating scale also has different meaning. For instance, Riordan and Vandenberg (1994).

On the contrary to those issues, in fact, there are job satisfaction measures proved to be reliable and valid in a diversity of languages and cultures. For instance, Ryan *et al.* (1999) deducted similar response scores from American and Australian employees when they all completed the questions in English. Across languages, the Nordic Employee Index yielded consistent job satisfaction evaluation when conducted in Nordic countries (Eskildsen 2004). Likewise, Liu *et al.* (2004) took examination in the German Job Satisfaction Survey which was carried out by employees across 18 countries who speak

three languages, German, English and Spanish. After all, they found similar response in countries sharing the same mother tongues or similar cultural backgrounds.

### 2.3.3.3 Age issues

Job satisfaction and age's relationship is either 'U' or positive. In 'U' relationship, high satisfaction in the beginning or at the final stage of the career is distinguished with a dip in the middle (Clarke *et al.* 1996 and DeSantis & Durst 1996). With a sample of more than 5000 employees in the United Kingdom, Clarke *et al.* (1996) explored that job satisfaction was high among those who were in teenage years and plummeted when being in there 20s or 30s. Then job satisfaction went high again to the same level as those in their teens and increased in their 50s and 60s. Likewise, some have shown gradual surge in job satisfaction as getting older (Mendes 2011 and Wan & Leightley 2006). In both relationships, either 'U' or positive, higher satisfaction in older age is demonstrated due to a number of reasons, which are as described below: (Clarke *et al.* 1996 and DeSantis & Durst 1996)

- Senior employees tend to have their expectations lowered and learnt to be more pleased.
- Ungratified older workers would have high probability to retire early, leaving more satisfied ones in the workforce.
- Older people would have had more opportunities to change jobs and ultimately be positioned in a more satisfactory working environment.
- The difference between younger and older employees might be due to generational gap, with the lack of longitudinal studies.

## 2.4 STARTUPS

### 2.4.1 Definition

According to Steven Blank (2010): "A startup is an organization formed to search for a repeatable and scalable business model". A business model is a guideline for an organization to monetize their business. It includes the description about the features of the product or service, its target users, its distribution channels and the supply-demand's characteristic. While a company knows about its customers, its competitors, its selling channels or its

product's pricing strategies, a startup has to delve into the world of the unknowns when it is delivering the not-yet-proven product values and its business model can change from time to time until it finds the most suitable one (Blank 2014). Therefore, startup is not a smaller version of a large company and vice versa. Inside a company, everything is done to execute a known business model which means everyone repeats the paths passed on to them to drive assumingly predictable results. On the other hand, startup hypothesizes their guesses on a business model canvas, test the product by continuously eliciting feedback from the target customers, making changes many times in different parts of the process, experimenting again till the moment the revenue, profitability, users and other metrics increase in line with the startup's prediction. We can see that compared to an incumbent (an existing company), a startup relentlessly grow in innovation and flexibility towards changes to make their ideas monetize in an efficient way. As a result, startups are antithetical to other large companies in terms of goals, performance indicators, and most prominently, culture and employees (Blank 2010).

#### 2.4.2 Employees' job satisfaction in startups

Ries (2011) claimed that startups are organizations working "under conditions of extreme uncertainty." Despite this ambiguity, job satisfaction is usually high. The biggest reason is that there is a tendency that startups "stand for culture and fun, just as much as work" (Bostock 2013) and 93% of people working in startups responded that they felt valued within their team and by company founders (American Psychological Association 2012). The study was conducted online with the participation of 1714 adults. Ultimately, it found out that employees who were valued at work have high probability to have good physical and mental health, associated with higher levels of engagement, job satisfaction and motivation in comparison with those who are not praised by their employers. In addition, job satisfaction is unsurprisingly much lower in established corporations. From the result of a global Gallup survey, the number of unhappy employees is higher than happy ones on a scale of two to one. The study explored the fact that 63% of workers are "not engaged", 24% of them are "actively disengaged". It draws the result that only 13% confessed to be engaged and happy with their work. As can be seen from the data, a whopping percentage of workers – 87% "are emotionally disconnected from

their workplaces and less likely to be productive.” This is known as one of the main causes for over 2 million American quit their jobs every single month.

The startup culture can sound quixotic whenever recalled. Because of unique characteristics of working towards a belief to deliver new values under such unknowns, the way startups manage, maintain and grow their human resources is also different from established companies. There are challenges including those that are both obvious and hidden, how to encourage them to work for the values rather than money and how to make them feel satisfactory going to work on something that does not have a precedent before are such questions startups have to face every day. Employees are engine to foster the business forward so they deserve to work in a favorable environment where they can thrive and have the will to contribute their best to the success everybody believes in. Startups’ operations carry high risks in every step of the process and getting talents to entrust their efforts to building a great product is a huge challenge.

What successful startups share in common is that they have taken good advantage of bolstering their employees’ intrinsic motivation. As a matter of fact, there is repetitive controversy about the relationship between intrinsic and extrinsic motivation. Throughout the last two decades, the psychologists have given evidence for the “over-justification” effect, which professes higher external rewards would dent the performance by demolishing an individual’s intrinsic interest (Chamorro-Premuzic 2013). There are two large-scale meta-analyses reported that, once tasks are innately meaningful, especially in innovative and creative tasks, external rewards tend to shrink the employees’ engagement. The fact is valid for both adults and children when people are rewarded only for their performance. Another point is that, when working in a startup, especially in the newborn one, because of extreme uncertainty, there would be sacrifice from the employees in one way or another, but most prominently, their salary is unsecured in the infant stage. It is usually believed that salary would affect job satisfaction and ultimately, money is an important factor. Nonetheless, Judge *et al.* (2010) reviewed research throughout 120 years and synthesized the findings from 92 quantitative studies. The study showed that the correlation between salary and job satisfaction is not that strong. The reported correlation ( $r=0.14$ ) implies that there is under 2% overlap between pay and job satisfaction levels. Moreover, the correlation of

pay and pay satisfaction was only a pinch better ( $r=0.22$  or 4.8% overlap). Therefore it can be concluded that people's satisfaction with their salary has chiefly little relation with their actual salary. Besides, a cross-boundary research noticed that the relationship of pay with job and pay satisfaction is the same everywhere. For instance, there are not much difference between the results from the U.S., India, Australia, England and Taiwan. Then there are similar results when Judge *et al.* (2010) conducted group-level comparisons. What they discovered was that: "Employees earning salaries in the top half of our data range reported similar levels of job satisfaction to those employees earning salaries in the bottom-half of our data range". The outcome is consistent with Gallup's engagement research (based on 1.4 million employees from 192 organizations in 49 industries and 34 nations), which drew the report that there is no significant difference in employee engagement by pay level. These results have stabilized an essential thing for organizations to keep in mind: "if we want an engaged workforce, money is clearly not the answer. In fact, if we want employees to be happy with their pay, money is not the answer. In a nutshell: money does not buy engagement." (Chamorro-Premuzic 2013).

From the point above, with proof of empirical research, most of the startups clearly do not need to have rich finance to keep their employees both engaged and satisfied. There are other factors influencing the level of job satisfaction and they are normally seen in the working environment of startups. To foster innovation and creativity, there are many lessons from the management and maintaining a suitable culture that the incumbents can learn from startups. Below are several of the main characteristics that form the charisma of startups' culture:

*Transparency:* According to Lipman (2013), when the employees are given information about the state of the business, their confidence and sense of job security would be bolstered. As a result, they would have higher level of job satisfaction. Normally, startups operate with great transparency and all key employees can get access to every bit of the company's information. For example, at Google, new employees are entitled access to the company's intranet which includes information about their products, what other people are working on and future projects. Even though they are on their first day at work, they are totally trusted and regarded as a fully-qualified member (Bock 2014).



*Job Perks:* Sizeable improbability goes with deserved rewards. Employees at startups are rewarded based on merits with perks as well as flexibility once above-market salaries are unreachable (Reyes 2014). For example, Expensify, an online expense-reporting startup plans to take all of their people to go out of the country to work and enjoy bonding as well as playing and relaxing at the same time for the whole month. Most of the startups provide their employees with perks right at the offices with these popular benefits such as free meals, free sports facilities, shuttle buses for employees' transportation from home to office and vice versa or free gym membership with personal trainers. These help the employees to save time with great convenience and guarantee to have them in their best health physically and mentally. Besides, considering perks, more research recommends that perks which concentrate on fun and spontaneity can make employees more motivated than performance-based rewards. Getting rewards from good performance can "actually demotivate" people when unconditional rewards as well as perks focusing on creating fun and pleasant experiences would make contribution to the employees' job satisfaction and happiness in general (Reyes 2014).

*Strong, Values-Based Culture:* This part is based on Reyes (2014)'s blog entry. Jeff Lawson, CEO and Co-founder of Twilio, a cloud communications company, identifies his startup culture as based on values: "Culture is how you, as [CEO] are confident that every one of those decisions is the right one. In an environment where you say, you know, people aren't allowed to make decisions; that obviously doesn't work." Tony Hsieh, CEO of Zappos, is often acclaimed by his efforts in shaping an outstanding culture. He thinks the most important part is the recruitment process when only people who are the best fit for the company's culture are hired. "Many companies have core values, but they don't really commit to them. They usually sound more like something you'd read in a press release. Maybe you learn about them on day one of orientation, but after that it's just a meaningless plaque on the wall of the lobby". Lawson and Hsieh place culture at their top priority. In larger companies, HR department has influential role on corporate culture, thus, it should make sure that the culture spirit disperses throughout the process of making hiring decisions, training and employee appraisal sessions. Dane Atkinson, the founder of SumAll, has strong belief in establishing a culture with

emphasis on employee ownership. This initiative would intriguingly create an “environment in which your team members are owners of the process, so they're dedicated.”

In summary, startups have their own different methods of establishing a unique working environment. As mentioned above, mainly due to the fact that they are working under extreme uncertainty, the employees are incentivized and motivated in antithetical ways to the established companies. Being organizations in early stage, their employees are regarded as the most valuable asset attributed to the success of their value delivering. In other words, human resource, if properly chosen, utilized and developed, is the fuel fostering not only startups but also incumbents forward because ultimately, organizations are made of human beings. As a result, employees' job satisfaction is an indispensable criteria deciding an organization's destiny.

#### 2.4.3 Human Resource Management in startups

As described before, human resource management is crucial in an organization, which takes care of people issues and optimize employees' performance. However, in early stage of a startup, manpower is inclined to stay at a humble amount. In addition, due to special characteristics of startup culture and limited budget at the beginning, the question is how issues related to human resource management and corporate culture are taken care of within a small group of people as well as what the discrepancies are between startups and established companies regarding people tactics. Eventually, effective human resource management with unique culture can improve employees' job satisfaction, which is beneficial to not only them but the startups in the long run as well.

There are various opinions upon this matter. According to Sarle (2012), being small with a few people, hiring HR specialist is unfavorable for startups as “every spend counts”. Additionally, activating HR policies and practices is a plethora because startups need to move forwards agilely, while these things would demonstrate themselves as bureaucratic instruments which shackle the growth of startups in their infancy in the battle with other industry unicorns. Sarle (2012) also claimed that boosting the employees' spirit and motivation is in fact the responsibility of the startup founders and all the leaders in the startups rather than leaving the allegedly formidable burden to only the HR

managers. In addition, a fast-growing Silicon Valley startup called Zenefits offers other startups a convenient platform at no cost to simplify HR processes and paperwork, which proves as a great boon to alleviating the work volume to startups and minimize the expenditure to their HRM in the beginning stage.

This paragraph is based on one article of Creative HRM called “Best HRM Strategies for Startup Businesses”. Most startup firms are organizations developing single product and functioning with simple corporate structures. The employees have their role changed on a regular basis, keeping focus on the product design and development, constructing the sales channels and making investment in their product’s market presence. In early stage, with simple business model, HR’s responsibility is also to follow the same code to keep their practices lean and quick. The article suggests that in a young startup, the team needs to concentrate on the central priorities and processes HR as simple as possible, procedural ramifications are roadblock to the startup’s growth, which holds the same opinion with Sarle (2012). HR needs to be nimble and flexible enough to fit the startup’s fast movement in response to the challenges. The startup should have a non-fancy HR strategy as followed:

- Quick but efficient hiring to satisfy the growth of the startup and that recruitment is the responsibility of everyone in the startup, not only HR managers.
- Help the startup leaders to keep their employees focused on the goal and prevent the sophisticated procedures from debilitating the momentum as well as motivation.
- Maintain people’s high performance through training or supporting each other for the team spirit enhancement.
- Grant the workers with reasonable compensation, rewards and recognition once they have done great work and the product gets successful. Saying thank you and instantly giving positive feedback to the employees would bolster their motivation and ultimately, job satisfaction so that they can further contribute.

Startups need talents to grow. Hong Quan (2012), the principal recruiter at Quantum Startups, shared his ideas of recruitment should be the jobs and responsibilities of everyone in the startup, not only HR since the people hired are going to work with their assigned teams and other employees in the

startup. Henceforth, whether the candidate suits with the working style and ethics of the organization relies on the decisions of the people he or she is going to perform with. Bock (2015) mentioned in "Work Rules!" that Google smartly takes advantage of their employees' references to hire quality people. Schmidt *et al.* (2014) stated the fact that Google delegates recruitment to all of their employees is because "the job of finding people belongs to everyone, and this needs to be woven into the fabric of the company" since "everyone knows someone great", especially when the startup is small and any type of workload is even-handedly shared among all people. With high emphasis on the culture and creating a diversified workforce, Zappos believe in recruiting people who are not only skillful but also the right fit to the company's culture. They have two sets of interview, skill interview and culture interview. As stated by Bailen (2014), Zappos's Senior HR manager, the culture is highly revered that once a candidate manifests a demeanor which is opposed to the company's cultural values, the process of recruitment would stop right there. Right people not only maximize the outputs but also elevate employees' job satisfaction because they feel like being a part of a family where people connect and collaborate with each other fruitfully. Additionally, Zappos and Apples have the same standpoint on hiring and firing, considering slow and careful recruitment seem to hinder the organization when talents are strongly needed but in hindsight, it would be beneficial to the company in the long term (Bailen 2014). Schmidt *et al.* (2014) stated that the optimal way of not to fire the underperformers is not to hire them and "firing" is ostensibly an excuse for not giving the hiring process its deserved investment of time.

Culture is essential in determining the success of a startup. The following section of "Finnish Startups" would elaborate on this point in the Finnish ecosystem's context. According to Schmidt *et al.* (2014), for most companies, the culture just naturally happens without careful planning and culture seems to be the last thing to be deemed. Nonetheless, the company's culture is hard to change once it is established. Therefore, from early on, culture needs to be taken full care of because at the end of the day, the culture acts like a magnet which only attracts people who are consistent with its characteristics and in an unfit culture, highly valuable people might be infuriated leaving the organization because it harnesses their strength and devotion. However, the idea of HR specialists being utterly responsible for the culture establishment of

the startup would be unfavorable in case they are not connected with the vision and the culture aspiration of the startup's core members. Simply put, HR cannot function separately to initiate a culture because culture originates from the venture's founders and the trusted team the founders form relatively reflect the suitable culture needed to permeate throughout the startup (Schmidt *et al.* 2014). The core team members' responses, under any circumstance, to questions of "What do we care about? What do we believe? Who do we want to be? How do we want our company to act and make decisions?" effectively cover the founders' values but postulated from their very different perspectives and viewpoints. Those incorporate into a culture in which the startup would survive and thrive. HR people help boost those values further, not the ones creating them. Lars Rebién Sørensen, CEO of the Danish pharmaceutical juggernaut Novo Nordisk, named by Harvard Business Review as the best CEO of the world in 2015, explains his success due to being ardent about the organizational culture. Lars does not regard culture as HR's achievement but it is the focus to what the business is (Mochari 2015).

#### 2.4.4 Finnish startups

##### 2.4.4.1 An overview on Finnish startup ecosystem

Ranking fourth on Cornell University's Global Innovation Index 2014, Bloomberg's index of most innovative countries in 2015 and the World Economic Forum's global competitiveness 2014-2015 report, Finland ostensibly tops the world regarding its innovativeness. According to Korbet (2015), Finland is outstanding among other European countries, considering its singular mixture of high-end research, education, innovation and technology. The country is well-known for its technological empire with the legendary Nokia and gaming giant Supercell and Rovio. Alongside with digital success, other sectors consisting of cleantech and healthcare are also delivering remarkable values. One of the major factors that makes Finland's startup ecosystem thrive immensely is the supportive role of the government. They know that startups would help create new jobs and improve the economy scenario. Therefore, Finnish government helps both native and foreign startups develop by means of funding and open-minded policies. Furthermore, the prosperous cooperation as well as knowledge transfer between Finnish startups and Finland's higher educational institutions and

R&D centers couple with the governmental mighty advocate to make Finland one of the most influential tech hubs outside Silicon Valley (Korbet 2015).

In addition, Finnish education strongly encourage entrepreneurship among students with the establishment of entrepreneurship societies all over the country. Students are given opportunities to realize their ideas and make useful connections through these societies' accelerating programs. In short, Finland is indeed an ideal destination providing the perfect blend between entrepreneurship and innovation.

#### 2.4.4.2 Finnish's singular startup culture

Moreover, individuals involved in this startup evolution also benefit from Finnish unique culture of helping each other for the well-being of the whole. The collaboration among startups in the same industry gives birth to more breakthrough ideas and innovatively fruitful partnerships. For instance, employees from game startups and companies in Helsinki regularly meet up for exchanging ideas. Barriers and the traditional defense towards competitors totally vanished, which are replaced by the fervent belief that success comes from supporting each other as a team. What they care is not only making their business lucrative but also the overall growth of the whole industry and eventually, Finnish ecosystem (Karjalainen *et al.* 2014). As stated by Kasper Suomalainen, President of Aalto Entrepreneurship Society and Startup Sauna's CMO, Finnish have a pay-it-forward culture from all sides of life, such as paying taxes. This attitude also spreads out to startup mentoring due to the fact that the coaches at Startup Sauna act as proponents of young startups on the pro bono basis, which shows their genuine enthusiasm to build up a springboard for the country's startup ecosystem (Schneider & Korbet 2015).

The startup scene in Finland makes a positive outlook on the national economy despite the severe fall of Nokia. In reality, Nokia has given young startups such precious gift of its bright people with impeccable mobile technology know-how (Mitzner 2015). Many important positions in such as Rovio, Supercell or Kiosked are held by Nokia veterans. As discussed above, the values delivered by Finnish startups can sustain owing to their unique culture stemming from abundant support from government to educational organizations as well as professional individuals. Besides the external

support, startups themselves have built their own culture to pass on the spirit to their employees, contagiously incentivize them to contribute their best. Finally, maintaining workers' job satisfaction in a growth-friendly working environment and infectiously empowering them to exert themselves towards innovation are the keys to their recognized galloping success.

In a recent article by Mochari (2015) on Inc. online magazine, Supercell disclosed their six rules to become a \$1.7 billion startup, which are:

*Small is beautiful:* Small teams (or "cells") built up by the right people and team chemistry can culminate in the best unpredictable results.

*Full transparency:* Everyone can fully access to all information related to numbers, data, strategies no matter how good or bad. They hold an unshakable belief that the free information flow can greatly enhance "communication, decision-making, trust and morale".

*Zero bureaucracy:* Obstacles hindering the development of teams are removed to back the constant contribution from independent teams. This helps ideas and contribution being reinforced in comfortable ways.

*Extreme independence:* Small teams are entitled excessive freedom to nimbly make decisions and bravely confront risks.

*Pride in craft:* They make efforts to never make compromise on creativity or quality. Valuable experiences for game players are prioritized as a thankful return to their time spent with Supercell's games.

*Take care of each other:* Supercell makes a commitment to bringing to their people top salary, industry- leading benefits, work-life balance and overall well-being. They believe these are the secret to happy and well-performing employees.

Apparently, Supercell shares several traits in common with aforementioned overall startup culture. Those all targets at accelerating employees' job satisfaction at the end. Furthermore, a number of startups out there which are blossoming also place employees' benefits and respects as their priorities.

### 3 METHODOLOGY

The research used both qualitative and quantitative methods to provide full dimensions to the topic of employees' job satisfaction in three Finnish startups. The data was collected from both the management's and employees' perspectives. Using both methods not only benefited the research by obtaining more in-depth insights about job satisfaction but also offered the startups information about the impact of their human resource management as well as working culture establishment, through the responses collected from their employees. Skype interviews were conducted to the people responsible for human resource management or business operations in these startups. Additionally, a job satisfaction survey was to gather the employees' feedbacks about the degree of happiness and from the three startups.

This chapter provides insights into the methods of data collection used in the research about Finnish startups' employees' job satisfaction. Theory about qualitative, quantitative and mixed-methods approaches can be found in the sub-chapter 3.1. Sections 3.2 and 3.3 reveal details about how the methods were practiced in the data collection process of this thesis, which provides intricate description of company interviews and employee survey.

#### 3.1 Research methods

In this sub-chapter, information about the methods used in the research is provided. At the beginning, a brief literature review of qualitative and quantitative data collection methods is given before going into details about the specific implementation of each method to fulfill the research.

Research methods are served with the purpose for a "systematic, focused and orderly collection of data" so as to attain information as well as give way to a solution to a specific research problem or question (Ghauri & Grønhaug 2010, 104). In social science, there are usually two major categories of research methods which are qualitative and quantitative (Alasuutari *et al.* 2008, 26). These days, a third archetype called mixed methods has emergently been used (Creswell 2003 cited in Todorova 2012:11).



### 3.1.1 Quantitative research method

Todorova (2012:12) cites Aliaga and Gunderson (2000) that quantitative research is the explanation of phenomena by means of numerical data collection and data analysis with the usage of 'mathematically based methods'. Quantitative approach is applied when the researcher uses cause and effect thinking, theory reduction to certain variables and hypotheses. Shuttleworth (*n.d.*) mentioned that normally quantitative method is used for proving or disproving a hypothesis. The hypothesis must be verifiable through mathematical and statistical means, which is the foundation of how the research is designed. Creswell (2003) cited in Todorova (2012:12) that quantitative research methods involve such investigation techniques, namely surveys and experiments, and the data is collected based on the preset measurement instruments to produce statistical data. The phenomena can be explained through quantitative approach by investigating into the factors triggering the result. Quantitative method is the most relevant to testify certain hypotheses to reveal "causal relationships and dependencies between social phenomena". There are also academics opposing to quantitative method as they argue that social reality can be too sophisticated to be simplified and made compact into some hypotheses. Henceforth, the prospect of the researchers applying the quantitative method is likely to be limited, and it is indispensable to have broad knowledge on the topic to initiate precise and appropriate research questions (Gilbert 1992 cited in Todorova 2012:12).

### 3.1.2 Qualitative Research Method

Compared to quantitative method, in lieu of conducting experiments, testing, measurements, qualitative research makes attempt to obtain understanding of the studied subject (Mayring 2002 cited in Boutellier *et al.* 2013:3). Qualitative methodology is utilized for research problems which concentrates on unleashing personal experience or demeanor, or when an understanding is needed to gain about a phenomenon which is not much known about (Ghuri 2004; Marshan-Piekkari & Welch 2004 cited in Ghauri & Grønhaug 2010:105-106). Ghauri and Grønhaug (2010:106) cites Sterauss and Corbin (1990) qualitative research is therefore popular in building comprehension about human performance and functions. Besides, it proves its sufficiency in "studying organizations, groups and individuals". Creswell (1998) cited in

Boutellier *et al.* 2013:4) that qualitative research involves a process of gaining comprehension of a social or human phenomenon in which the researchers aspire to create a sophisticated as well as universal view by the analysis and description of the subjects' perspective within a natural setting. In addition, as said by Ghauri and Grønhaug (2010, 106), qualitative research is a combination of "the rational, explorative and intuitive", where the researchers' skills as well as knowhow are essential in data analysis. This type of research normally places emphasis on social process rather than social structures, which is quantitative research's focus. To embark on qualitative research, one needs to embrace skills of abstract thinking, bias recognition and avoidance, attaining consistent and plausible information, situation analysis, keeping the analytical distance between social and theoretical sensitivity while making use of past experience and having an acute sense of interaction and observation (Maanen 1983; Strauss & Corbin 1990 cited in Ghauri & Grønhaug 2010:106).

In the field of qualitative research, there are three main features (Becker 1970; Strauss & Corbin 1990; Miles & Huberman 1994 cited in Ghauri & Grønhaug 2010:106):

1. *Data*: usually gathered by means of interviews and observations.
2. *Interpretative or analytical procedure*: the techniques used to hypothesize and analyze the data to drive the result of findings as well as theories.
3. *Report*: can take both written and verbal form. Specifically in the case of research done by students, the report is presented in writing through thesis or project.

To recapitulate, Table 2 shows differences between qualitative methods and quantitative methods.

Table 2. The difference in qualitative versus quantitative (Reichardt & Cook 1979 cited in Ghauri & Grønhaug 2010:105).

<b>Qualitative methods</b>	<b>Quantitative methods</b>
Emphasis on understanding	Emphasis on testing and verification
Focus on understanding from respondent's/informant's point of view	Focus on facts and/or reasons for social events
Interpretation and rational approach	Logical and critical approach
Observations and measurements in natural settings	Controlled measurement
Subjective "insider view" and closeness to data	Objective "outsider view" distant from data
Explorative orientation	Hypothetical-deductive; focus on hypothesis testing
Process oriented	Result oriented
Holistic perspective	Particularistic and analytical
Generalization by comparison of properties and contexts of individual organism	Generalization by population membership

### 3.1.3 Mixed-methods approach

In spite of differences between qualitative and quantitative methods, sometimes using them together can be effective in certain research. According to Weathington *et al.* (2012, 400), the mixture of these two methods can be applied in any stage of the research process such as the initiation of research questions as well as hypotheses, sampling and selection of participated subjects, data collection, analysis and data interpretation. In several cases, the combination can take place at more than one phase of the procedure. In this thesis, the mixture of qualitative and quantitative methods is applied when collecting the practical data. To be clearer, the researcher gathers data under forms of company interviews and employee survey about job satisfaction.

Bryman (2006) cited in Weathington *et al.* (2012:401) five most commonplace reasons for the application of mixed-methods:

1. *Enhancement*: Using one method for findings based on the results aggregated from the other method.
2. *Triangulation*: The findings with the assistance of one method are to validate the findings gained from other method.
3. *Completeness*: Qualitative and quantitative are used as contributors for further comprehension on the studied area or area of interest. Using just one method is not likely to offer wanted results.
4. *Illustration*: Qualitative data is for expounding quantitative findings and vice versa.
5. *Sampling*: One method is applied to assist in the sampling of participants or cases as targeted. Simply put, sampling is the technique of collecting data by taking a small segment of the population (a universe of units of studied subjects) selected to do research on. In other words, a sample is a population's subset.

## 3.2 Interview

In this section, information about the interview conduction and interview structure is given in details. First of all, the interviewees' information in two startups and the interview's time and duration are introduced in brief in sub-section 3.2.1. Then, the choice of interview method as well as the interview questions would be presented in sub-section 3.2.2.

### 3.2.1 Interviewees

To support the research about employees' job satisfaction in Finnish startups, the interviewees were individuals who are in charge of either the overall operations or human resource management of the four studied startups. The researcher sent e-mail to most of the startups in the Startup100.net's rank for 100 hottest Finnish startups in October and November. There were many startups' managers replied, but they were mostly busy at the end of the year or they had had enough thesis workers for their organizations. In addition, there were startups promising to be interviewed but eventually, they got busy and more urgent responsibilities on the go, hence, it was hard to contact them and the researcher no longer cooperated with them. It was fortunate that there were two startups agreeing to join with full enthusiasm. Table 3 below shows information about the interviewees, time and interview duration.

Table 3. Information about the interviews

Interviewee	Startup	Position	Interview duration	Interview date
1	Snafu Oy	CEO (Chief Executive Officer)	45 minutes	November 17, 2015
2	X	COO (Chief Operating Officer) and CFO (Chief Financial Officer)	1 hour 35 minutes	December 3, 2015

### 3.2.2 Details about the interview

The interview was constituted in semi-structured style. Semi-structured interview's one of the major characteristics is the allowance of more concentrated, conversational and flexible conversations between the interviewer and interviewee (Keller *et al. n.d.*). The interviewer would follow an interview guide which defines the objective topics, questions in open-ended style and issues needed to achieve from the interview, often in a certain order (Robert Wood Johnson Foundation *n.d.*). However, during the interview, not all of the questions are planned ahead. The interviewee is free to ask spontaneous questions when appropriate and the interviewer can provide answers based on his or her flexibility or form correlation to other information in the loop (Keller *et al. n.d.*).

The interview's goal is to get to know about how startups operate their culture and take care of people issues in order to maintain their job appreciation. The interview questions were categorized into different themes which are:

- *Working environment*: Questions are related to the corporate culture, employees' comfort to work, whether informality is allowed.

- *Communication*: Questions are asked around the communication style in the startups, social interaction among co-workers, the information flow and the managers' openness to questions.
- *Working characteristics*: Questions in this theme reach out to the features involved when working in the startups. The interview goes on with whether the startups listen to the employees' ideas, how they establish trust to their team members, how the decision-making process works, whether the employees can enjoy autonomy to complete the tasks on their own decisions, how the performance appraisal is executed and whether the managing board to the employees' life.
- *Compensation, benefits, rewards*: Questions in the interview continues with matters of salary, benefits, perks, rewards in the startups, the financial struggles during crisis and promotion prospective.
- *Training, support*: The questions are to inquire about the training for the employees' skill development and support during their performances.
- *Change and hardship confrontation*: This theme's questions ask the interviewees about their management style towards changes and hard times when they occur. They can be either dealing with underperforming individuals, handling with conflicts or helping the staff to harmonize in changing working environment, for instance, new manager and new personnel.
- *Concern about employee satisfaction*: In this theme, the interviewer questions concerns about how employees satisfaction is measured beforehand in the startup and whether there is employees' uncomfortable cultural misfits.

This question guide was the standard for all the interviews for the thesis's purpose. However, not necessarily all the questions would be used because their usage also depends on the context of the indicated startups, for example, based on the number of employees or work characteristics. Furthermore,

questions for further information would be asked depending on prior given answers and provided information.

### 3.3 Employee survey

Besides collecting data from interviews, an online job satisfaction survey was introduced to the employees in the four studied startups. Researchers from multi-disciplinary background find the Internet as an ideal place to gather information. Wright (2006) cites Fox *et al.* (2001) and Nie *et al.* (2002) that as the Internet's popularity has been intensifying, conducting an online survey would benefit the researchers as they can reach out to their objective subjects with ease. According to Gingery (2011), conducting questionnaire online has a number of advantages:

First and foremost, the cost is kept down even till zero. Nowadays there are multiple free and easy-to-use online tools to create survey such as SurveyMonkey, Google Forms, Kwiksveys, Zoho. This thesis was accomplished with the support of Kymenlaakso University of Applied Sciences. Therefore the researcher could use the tool called Webpolsveys with corporate license.

Secondly, after the respondents complete their survey, their data is electronically stored which is invariably available when needed. Some online tools then automatically generate data analysis and do calculations in accordance with the researcher's preferences.

Last but not least, a lot of time can be saved while the researcher can reach to wanted population. Moreover, because the information received are stored immediately, the results are presented in real-time. In addition, as mentioned before, certain survey programs would consolidate the data, analyze the data and make calculations for the survey initiator on his or her wishes. Henceforth, the surveyor does not have to do much but can receive considerably valuable data afterwards.

In general, the survey would help the startups understand their working environment and practices' impacts on the employees as well as receive their constructively honest opinions for the improvement to make their workers more satisfied. Eventually, startups would be aware of the strengths and pitfalls of their management methods for keeping their human asset happy. As

a result, a more effective strategy was to be considered to maximize employee's satisfaction at work.

The survey included Background Information part and Survey Questions part, which consists of 30 questions in different forms. The types of question can be selection, multiple-choice, open-ended, matrix-scale-selection (requires the participants to evaluate the given statements on a scale from 1 to 5, which is respectively equivalent to Strongly Disagree, Disagree, Neither Agree nor Disagree, Agree and Strongly Agree). In the Background Information part the respondents were asked to fill in data about their age, gender, their responsibility and their length of work. The Survey Questions part requires the employees to give their answers over four different themes which are: Working Characteristics, Communication at Work, Skill Utilization and Compensation, Benefits and Promotion.

According to a research by the online questionnaire generator SurveyMonkey, it averagely takes 9-10 minutes to complete a survey of 26-30 questions. However, the time spent on the survey, whether the answers are thorough and whether the respondents feel like dropping out are based on the survey ilk, type of audience, the relationship between the surveyor and the answerers and many other factors (Survey Monkey 2011). In this case, the employees were asked about matters at work determining their job satisfaction and there were many questions demanding the respondents for many thoughts before giving the answers. Therefore, the researcher estimated the time to complete this survey was around 15 minutes and this piece of expectation was mentioned at the beginning of the survey so that the respondents did not have to worry about whether they had enough time to complete the survey.



Table 4. Time spent on survey, considering its amount of questions (SurveyMonkey 2011)

Question Count	Average Seconds Spent Per Question*	Total Survey Completion Times
1	75	1 min 15 sec
2	40	2 min
3-10	30	2 - 5 min
11-15	25	5 - 7 min
16-25	21	7 - 9 min
26-30	19	9 - 10 min

\* Rounded and grouped for illustrative purposes

In practice, in viewing to supporting the research, an online survey in English implemented on Webropolsurveys was sent to startups' employees. The researcher attached the survey link to e-mails to the startups listed in the Hottest 100 ranks by [www.startup100.net](http://www.startup100.net). Besides, information about the thesis as well as the survey link were posted in a few Facebook groups for Finnish startups and entrepreneurs in order to widen the potential respondents' reach. Thanks for that, the number of people willing to fill out this questionnaire increased the audience visits after a couple of days.

#### 4 DATA ANALYSIS

This part is dedicated to the research's findings and elaboration on the data collected through interviews and online survey about employees' job satisfaction in Finnish startups. Due to the differences between the studied startups, each question is approached in a diversity of insights depending on each startup's condition. The information was dissected from the researcher's points of view and knowledge about the theme of employees' job satisfaction in startups. The transcripts of the whole interviews are not provided here in the thesis except certain quotes to support the analysis.

## 4.1 Analysis from the interviews

### 4.1.1 Snafu Oy

Snafu Oy has been in operations for 3 years now. The startup has 1 full-time employee, recently has had 1 full-time trainee and 2 part-time workers who come to work twice a week. The startup is still working on a small scale, so everyone can take a variety of roles with their best rather than perform on specific responsibility. The employees are provided with the comfort of going to work at their own convenience. Besides the days they have to be at the office, full-time workers can work on their tasks remotely. The whole team see each other face-to-face a couple times a week.

Considering communication, the CEO (Samuli Laurikainen) always keeps his employees updated through phone, text messages and e-mails. They are not only kept in the picture about what is going on but also have their own voice of opinions over certain issues. Working as a small team is easy at this early stage of the startup because the information flow reaches the whole staff and everyone's ideas are respected. According to Snafu's CEO:

#### Interview extract 1

"In this company, the hierarchy is very low with high democracy."

The CEO is the decision maker who always takes the last words. However, as he said:

#### Interview extract 2

"Although I got the final words, I also dares to take risks and finds the solutions".

It is obvious that Snafu encourages ideas to fly and experiments are conducted no matter how risky they are as long as the problems are solved.

Functioning as a few members in the team, multitask is inevitable to meet goals. The CEO takes over major tasks as having meetings, working with Excel, being on the cellphones with the partner companies which take care of logistics, purchasing and marketing. Samuli told:

#### Interview extract 3

“There are multitasking and projects going on. The stress exists all the time about the workload and things getting undone.”

The characteristics of their daily work are also reflected through the interview as he said:

Interview extract 4

“The basic idea is that the work day by day is very similar, the same work processes, step-by-step every week, the workload is strict and the plans and processes are the same, but there are some new challenges to be conquered.”

Despite the conformity of the workload, as a startup, there is high probability that challenges occur regularly, for example “trucks are broken, no electricity, no water, new regulations, some materials is empty or wrong, documents are missing, people are sick.”

The stress exists at any time at work and the team is calm enough to face the situations, share the responsibilities and address them gradually to keep the promise with the customers. When talking about how to reduce employees’ stress, the CEO told that “trust” is the decisive element. One interesting point is that his long time full-time worker, Jari, is 5 years older than him, so he is calmer and have more experiences than Samuli and they support each other to feel better under pressure or when one of them has a bad day. Jari is truly a great right hand to his CEO. Samuli said:

Interview extract 5

“Jari gets the reason and I can provide needed actions to face with the challenges.”

Samuli told that they do not really see each other after work besides being good work mates because each person has his or her own life to care for or they need relaxation after a long day working. Nonetheless, in a year the team can have a small Christmas dinner together or take a few adventure days in the summer.

Samuli pays attention to his employees’ needs. For example, his worker Jari sometimes asks for higher salary and wants to take part in more interesting

job. He used to have a career in sales and Samuli set a target to get him involve in selling more, which fits his skills and prior professions. Besides, Samuli pays his workers 3 times higher than his. This has made Jari feel inspired and admire the CEO's sacrifice for the business. As a result, he is more determined to stay with the company even though difficulties, especially financial ones, usually happen.

Samuli discusses the situation of the startup every time in team meeting. He tries to communicate and draws the goal vision to inspire as well as remind his employees of the startup's values. The frequent face-to-face interaction is effective as it helps keep the staff believing in their job and the startup's objectives. Furthermore, the CEO also aims to hire employees with international background in new markets in the future as the startup's concept is global. This benefits the company due to essential local understanding and diversified workforce. However, this can be a challenge in consideration of applying an effective working culture.

In general, Snafu Oy has a relaxed culture where employees are treated fairly in a non-hierarchy working environment. According to Maslow's Hierarchy of Needs, as was discussed in sub-chapter 2.2.2.2, the physiological needs of the employees are guaranteed as Samuli always makes sure that his staff has good salary for their own living. The startup has challenges all the time but they know how to support each other when they are under stress to deal with the hardship. The "Safety" needs are partly obtained in such challenging working environment but in overall, everyone is calm enough to overcome the difficulties. As the employees' ideas are equally respected, which encourages them to take risks, and all the information is regularly updated to all people as well as open discussion takes place in every meeting, the team would develop their sense of belonging to the organization. Eventually, employees have the chance to reach their "Self-Actualization" need as they are empowered to take more challenging and interesting job as they want, as can be understood when Samuli mentioned that he aimed to give his best work mate more work in selling because he is a sales pundit. The employees, therefore, have the chance to exceed their contribution by participating more in tasks which require their strengths. With the backing of Maslow's theory, it is easy to see that Snafu Oy has achieved all levels of their staff's needs and they would clearly feel more motivated and satisfied with their job.

#### 4.1.2 Startup X

For confidential reason, the startup prefers to have their name unpublicized. The researcher had the opportunity to interview the person who is the startup X's CFO (Chief Financial Officer). The startup was founded in 2012 and until now they have 15 employees, two of whom are co-founders. The researcher got survey response from 9 employees of startup X. Among 7 employees who agreed to reveal their previous working experiences at startup X, 3 of them used to work for NOKIA, 4 of them have built up experiences from 14 years to 32 years in similar fields to their current job at startup X. Besides, 66.7% of the participants invariably works at the startup's office while the rest of them can both show up at the workplace and accomplish tasks online, remotely or during business trips.

The researcher asked whether the startup preferred young and vibrant employees or those who are older and have more experiences. The CFO explained that their startup mostly employed older and more experienced people. However, startup X respects diversity and happy about their employees' variety.

Interview extract 6:

"They are older and more experienced employees. There are also newly graduated young employees. There are women and men of all ages. It is a good thing that we are not all the same."

The startup still chose to recruit their employees through traditional job posting. Nonetheless, the CFO told that it would be better if they knew the candidates well earlier. There is a big risk in recruitment if the startup is unaware of how these people are like. In fact, they also hired employees without acquainting with them before. In addition, there are two students who are very nice whose months-long thesis work is about the startup X and afterwards officially work as full-time workers.

According to the survey's result, on the scale from 1 to 5, hereby is the average figure for the reasons the employees work for startup X.

Table 5. Employees' reasons to work for startup X.

	Mean
For sharing the vision of the company	4.2
For experience	4.8
For making a living	4.1
Because my previous work experience(s) is/are similar	3.2
Because I want to take a different role than my previous work experience(s)	4.0

The working environment is comfortable equipped with facilities needed for the employees to perform their work. Last spring, they decided to move to a new place. The CFO described startup X's workplace as:

Interview extract 7:

"There are small rooms and bigger areas where some of the employees have their desks. All the doors are open. You can close the door if you want to."

The working place is truly open and comfortable for the employees to work in. The doors are open for meetings when there are problems or matters needed to be solved or get advised.

Startup X has established a joyous culture where employees do regard each other as good friends rather than professional working relationship. There is no barriers or limits in communication across management board, departments and specialized groups. All kinds of information whether negative or positive are disclosed to everyone. Henceforth, the employees feel more trusted as their workplace is always kept transparent and they can have well-rounded knowledge about the conditions their organization is undergoing.

Interview extract 8:

"Most of the employees at the moment are also shareowners, invest money in the startup. We think it is very important to keep them updated

about the financial and challenging situation. We are very open to also share more negative things about the company.”

To keep the staff up to date with the workload as well as the general situation of the organization, the startup uses many means of communications, mostly through face-to-face meetings, WhatsApp, Telegram Messenger, Trello, Youtrack, Scrumwise management tool, emails and discussion forums. They have every Monday an one-hour meeting where everyone attends to go through weekly tasks. The working style apparently always involve friendliness and warming familiar feelings.

Interview extract 9:

“ We have quite a lot of meetings. We have every Monday a project meeting for one hour and everyone is present. And we have every Friday an informal coffee break together. Once a week, someone brings some cake. There are really good moments. Also, we try to go to have lunch altogether almost everyday at the moment when we have already 13 or 15 people working here. It is very important that we have this culture of eating together.”

The communication plays a crucial part in calcifying the bond and accumulating trust among people. Indeed, they can participate in discussions which are either professional or personal everyday, which strengthens the relationship among each other. The connection is not constrained into working relationship but it extends to existent rapport.

Interview extract 10:

“We communicate through email and discussion forum and we use Telegram for chatting. We share things which are work-related and personal.”

The managers try to make the conversation as open as possible in which questions are largely welcomed. If they have any problems needed support or discussions, they are always able to reach out to the managers, supervisors or their colleagues. Furthermore, the CFO thought the startup’s managers would have no problem coping with the situation when there are people whose opinions are straightforward. The managers, instead of feeling uncomfortable,

they attempt to pay more attention to what is going on with the communication among the employees and she believed the problems are more from the managing side, therefore, they will try to find out the roots of the problem as well as difficulties as soon as possible to move on. However, it also depends on people, there are some who are easy to raise the questions but there are also those who are not so open and tend to keep their worries in silence. Therefore, they make an annual survey to get deeper understanding of their employees.

The working tasks depend on the employees' roles in the organization. For example, the programmers' day-by-day tasks do not differ much. Employees holding other roles can have their tasks under more various forms, depending on the days, needs and in which phase of product cycle they are in. Multitasking is commonplace and a person can take over a range of work from finance, marketing, sales, quality management to research and customer service. Contributions from across the organization are always highly appreciated, for instance, programmers can have their ideas on the sales process. Therefore, the subjects are always looked into from different perspectives and the employees themselves can learn something new out of their professions and expand their skill variety.

Feedback is a fundamental part as depicted in Job Characteristics Model (JCM) in which the employees are expected to have "knowledge of results". It is an opportunity for them to identify what they need to work on more and what good things they need to keep up for performance optimization. At startup X, feedback is an indispensable part to encourage and maximize the employees' productivity. The interviewee reveals that in their startup, they try to remember to give positive feedbacks all the time and when they give negative feedbacks, it is always useful to combine them with positive ones. The employees can give their own feedbacks in the survey or rather everyday when they feel like. Further straightforward conversation works when there is situation when open talks and understanding are needed from both employer and employee side. As seen from the survey results, startup X should be more active in giving feedbacks to the employees and having them giving feedbacks to each other because not all the survey respondents agreed to receive enough feedbacks with the score of 3.1 (on the scale from 1 to 5). The CFO believes that



everybody always wants the best for the startup and everyone working for it and tries their utmost towards goals.

Interview extract 11:

“That is not the problem in any case that people don’t try their best, I think but probably there are, sometimes there are situations when the compatibility is not enough in those tasks for people supposing to take care of and we have to make other decisions how to deal with them.”

According to the interviewee, teamwork is a daily activity at startup X. It depends very much on their duties, but normally employees will spend a couple of hours every day to work with somebody else (all the survey respondents agreed to have their day filled with teamwork with a mean number of 4.6 on the scale of 1 to 5). Sometimes team work is around too much which can be ineffective, especially when teamwork involves people who are not directly responsible for the tasks or their skills do not meet their requirements. Henceforth, it would be better to “find the right level for teamwork and individual work”. In addition, it has been a great benefit when startup X’s employees are used to working as teams all the time and feeling free to deliver their own opinions. Thus, the teamwork works well without feelings of strangeness.

During the course of performing the work, the employees are encouraged total autonomy, meaning that they can decide how they want their work to be done rather than being supervised or micromanaged. Based on Job’s Characteristics Model, Autonomy is one critical element influencing the jobholders’ responsibilities for their own successes and malfunctions at work. 8 out of 9 survey respondents from startup X agreed or strongly agreed with the freedom they are given in their work performance with an average point of 4.4 on the scale of 1 to 5. At startup X, people are encouraged to experiment their ideas freely, which was reflected in the average number of 4.7 from the survey respondents.

Interview extract 12:

“There are still things to do on this area to delegate decision-making to more people and yeah, I think that is one challenge.”

While working, the employees can get full support and advice needed from their colleagues and that is what the startup aims at (89% of the employees participating in the survey agreed or strongly agreed with the fact that they are given support from others to get their work done). At present, in accordance with the CFO:

Interview extract 13:

“The startup is small and people can easily talk to each other anytime they want, not having to go through some people like in big organizations. In our company you just need to go to someone’s door if you have questions you can ask them right away.”

At startup X, anybody can get their hands on challenges as much as they want. However, it also depends on people because there are those who do not prefer getting more responsibilities and the startup has to provide the right job description for the employees who do not want to take that much responsibilities as some other ones.

The next question the researcher asked was whether they trusted new employees right away to give them important tasks. The CFO replied that because the working amount is massive, they can easily entitle the new employees share of responsibilities. The workload and work focus can vary on each day while there is a small number of employees, therefore, the employees with little knowledge of the certain field can make contributions, through which they are able to learn and master new skills. Most of the employee respondents strongly agreed that their work gives them opportunities to learn new knacks with an average evaluation of 4.9 on the scale from 1 to 5. They have been acquiring new skills through experience sharing among co-workers, observing others working, taking challenging work and last but not least, learning by themselves (these facts have evaluating response’s average point from 4 to 4.6).

For compensation, startup X has never been asked for a salary raise and it seems that every employee is well aware that the startup is currently not in the right situation which can provide them with higher salary and salary is not what they are looking for in working for startup X. In general, the organization

has by far been in the R&D phase to develop its first product and been totally depending on investments.

According to the CFO, she sees it is a problem when it comes to the payroll for different employees because more experienced employees may require better salary than the younger ones regardless of the responsibilities they carry or how effectively they perform. However, the employees have the propensity not to know about each other's salary so it has not been a trouble so far. After telling her about the researcher's study that money has little correlation to employees' satisfaction, she made sure about that by saying:

Interview extract 14:

“I think there are more important things than money, of course you need money to sustain the family and so on but it's not the thing that makes you satisfied with your work. There are other things that make you enjoy the work.”

It is true that on the scale from 1 to 5, the employees evaluate that the reason they work for the startup because they want to share the visions with the company (4.2) is nearly similar to making a living (4.1). They mostly agreed that working at startup X could earn them experiences with the score of 4.8. Interestingly enough, nearly all the survey respondents feel their job is meaningful with a mean number of 4.9.

In term of rewards, the startup has had a bonus system but the employees will not get the bonuses before the business is lucrative. The only reward at the moment is public recognition or acknowledgement 4 or 5 times a year when someone has done a great job.

Because the startup is small, the CFO told that they try to avoid bureaucracies and hierarchies. There is not much need for promotion and according to the startup, giving more responsibilities to the employees would keep the same sense.

Teaching and training are decisive factors determining the skill development and helping the employees get used to their job. It also depends on the employees so the time needed before they can actually well perform is either short or longer. At the moment, the startup has much to do, so the contribution

from the whole resource is always needed and they can easily give responsibilities to the new employees. The new employees are trained to get used to their job and understand how to take the responsibilities in the tasks.

Performing in a fast-paced environment like in a startup, the workload can be different day by day and the most important thing is that the startup needs to prioritize their tasks, deciding which need to be done first, allocating the resources and dividing them to all employees. Having tasks which is urgent in time is their everyday's life but they can work when people give helping hands to each other to get the job done and move on with other tasks. Of course, stress is unavoidable and ubiquitous considering dealing with multiple things at the same time while they have to push themselves to the maximum to the best results in each subject (55.6% of the employees answering in the survey agreed or strongly agreed that their job is stressful) . The CFO mentioned stress as a regular situation in the startup which becomes a normal phenomenon when obviously the working place involves challenges and unexpected difficulties. But the good thing is that startup X apparently shows their vibrant culture in which people feel comfortable sharing and talking to each other. She said that talking can reduce stress considerably when the employees find out that other people also bear the same problem as them and on the other hand, they can always get support from their colleagues. In a nutshell, solidarity and standing tall together are the keys to coping with stress at startup X.

What is more interesting about startup X is the multidisciplinary collaboration. The CFO explained that in the sales phase, they have to take advantage of everyone's efforts in the organization, for example, programmers can contribute good ideas and remarks on sales, marketing or other fields. As a result, the problem is probed into from different angles and solution would be more complete and fulfilled.

Interview extract 15:

“One of our strength during the product development phase was that everyone took part in it. Because we have different backgrounds and personalities, it was very fertile ground for new innovations.”

The employees are committed to the startup that although the financial difficulties are inevitable, they believe in the brighter future. According to the CFO, the employees believe that in the future they can be paid better.

The startup has faced big change in personnel this year with 6 new people. Due to such dramatic increase in the human resource, employees who have worked before felt a bit uncomfortable and strange at first due to the fact that the way of working they are familiar with was changing. However, they settled down soon and got back on track.

55.9% of the people joining the survey claimed that they did not feel secured when change happens in terms of fiscal performance or change in personnel. However, with the realization of their job being meaningful and the working environment filled with respect, open communication and support, the employees gradually adapt to change and transform the initial discomfort into determination to deliver more values.

As mentioned in the “Working Characteristics” part, the CFO understands that their employees are different regarding personalities and the managers encourage open sharing of opinions to enhance the operations as well as transparency. The startup lays value in employees’ equality as well as pays respect to every of their opinion, so it gives out an annual survey to understand more about the employees’ quality of their working life. There are also open questions so that the managers would get to know about their concerns on an individual scale.

By and large, the interviewee from startup X was very open-minded and willing to give her best during the interview. Her startup has gone through ups and downs on a regular basis but what has been concluded was that startup X’s culture was passionately created for promoting equality and transparency. Everybody was enthusiastic about working together, contributing ideas across the fields and getting support whenever needed. Besides, they have informal moments together, which boosts their trust and bonds beyond working relationship. The communication is direct and quickly updated, which keeping individuals in the loop. In addition, each person is encouraged to speak up their opinions whether they are positive or negative. Autonomy was highlighted in startup X’s working style with which people can decide how they want their job to be done. The interviewee was interested in getting knowledge

about how the employees feel and what they need to improve to better the working conditions, therefore, startup X establishes an annual employee survey. However, the CFO also shows interest in the researcher's questionnaire because the new set of questions from an outsider would provide a more fulfilled outlook on their employees' job satisfaction. As a result, from the amount of people participating in the survey, her startup has the highest response rate.

#### 4.2 Analysis from the online survey

The survey draws attention of 61 visitors and the researcher has got 20 responses so far, whose yield size is reasonable enough for further analysis. The survey was open and spread through e-mails as well as on Facebook from November 21 2015 to December 21, 2015.

Initially, based on the results from the "Background Information" part, the researcher got the most responses from startup employees aged from 20 to 45 years old (73.7 %), more particularly, females account for 45% and males take up 55%. These facts reflect the reality that startups' disruptive working styles attract young and middle-aged people and the concentration on promoting gender equality, besides respect of people's welfares, provides employment opportunities for both men and women. What is interesting was the fact that 13 out of 19 (68.4 %) responses on their current employment positions was at the managerial level, including Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Technical Officer (CTO), Chief Marketing Officer (CMO), Marketing Manager, Account Manager, PR Manager, Business Development Manager, Verification Manager, Quality and clinical research manager, Head of Software Development and Business Development Representative.

Among the employees answering this questionnaire, 85% are working on a full-time basis, 10% are part-time workers and the rest 5% have a flexible working approach, with which he or she can work freely at any time he or she wants. There were 17 out of 20 people revealed where they were working at and there were 9 employees from startup X, others came from Snafu, Apped, TidyCMS, GenieTeams, Meidanstudio, Loadbro and startup Y (the COO refuses to be public). These startups are performing in different fields such as

healthcare technology, organic food, advertising or provider of online platform and IT services.

From the survey result collection, what the startups' employees look for and want to gain during their time working at their startups are experiences and sharing the vision of the company, with the mean number of 4.5 and 4.4, respectively (on the scale from 1 to 5, which is equivalent to Strongly Disagree, Disagree, Neither Disagree nor Agree, Agree and Strongly Agree). On the other hand, "making a living" is not the decisive reason for people to devote themselves in a startup, which only scores 3.7. This fact, combined with the correlation between salary and job satisfaction not being strong (mentioned in the Literature Review part), reclaimed that financial rewards are not the determining factor that motivates the employees but other meaningful things, which was referred to above as to earn experience, believe in the impact the organization is making and take challenge for themselves in trying different responsibilities from their previous working experiences (stands at 4.0).

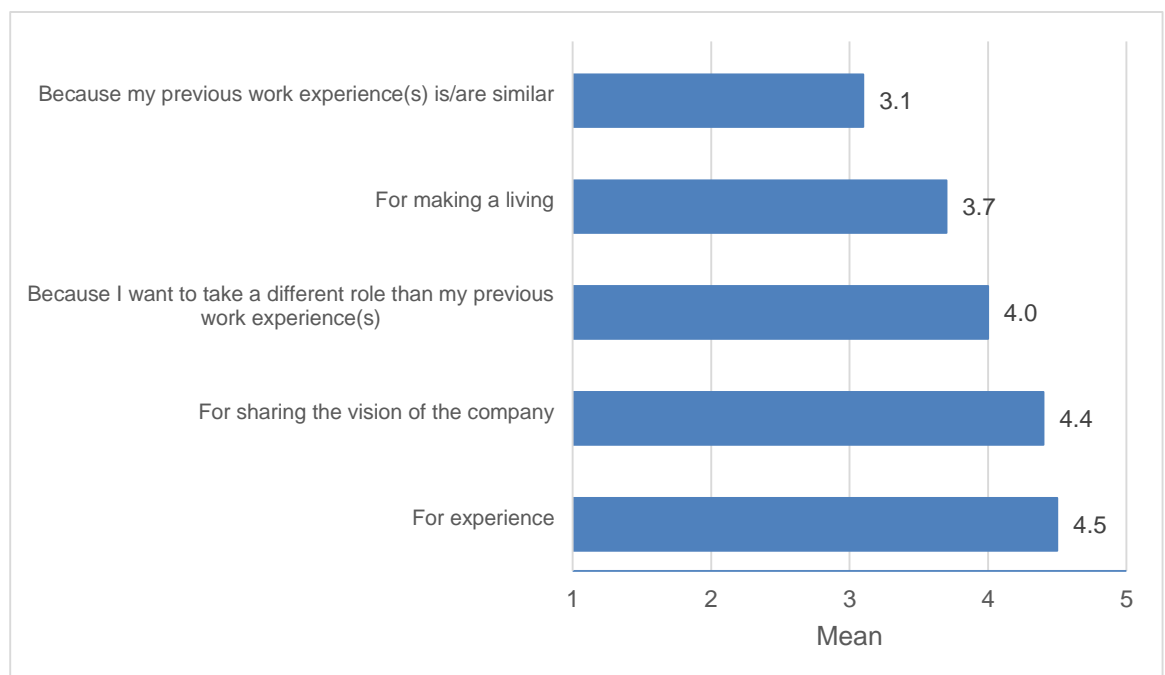


Figure 5. Reasons the employees work for their startups.

Figure 6 would show the respondents' opinions and evaluation towards the researcher's statements of working characteristics.

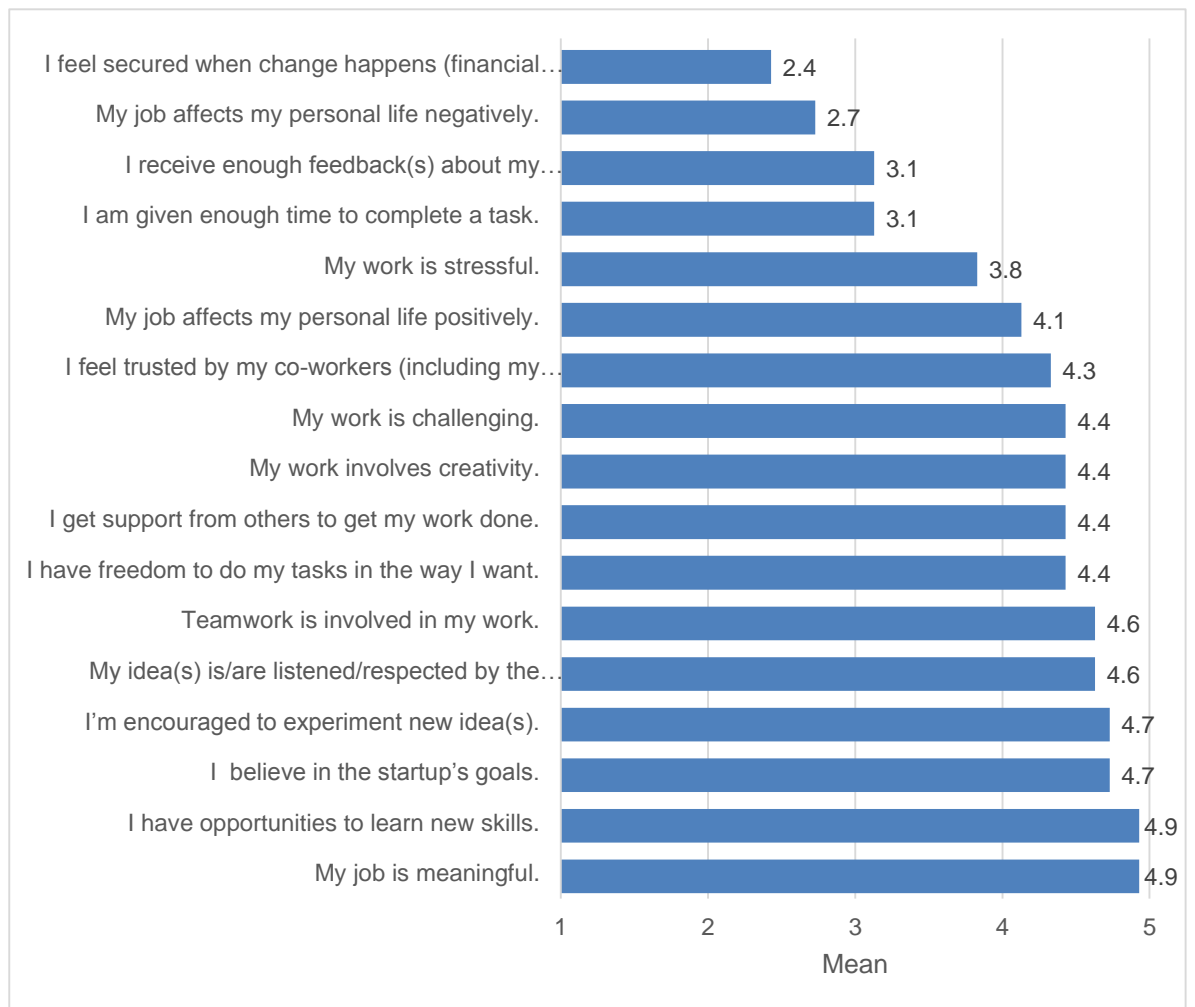


Figure 6. Employees' evaluations towards their working characteristics.

The employees evaluated at quite high level of agreement with the statements about their working characteristics. These statements were created by the research based on the elements affecting employees' job satisfaction in the theories proposed in Chapter 2: Literature Review. There are many statements with the same scores and the difference between each item is tiny. Topping the result is the feeling of their job being meaningful and them having opportunities to attain new skills, which are at 4.9. In general, as seen from the bar chart, the culture and working features of the Finnish startups whose employees took part in the survey have been nurturing their job gratification. The survey respondents agreed or strongly agreed (the evaluated mean score is 4 or more) with their job including challenges, teamwork, creativity, trust, support and respect from their managers as well as colleagues, autonomy in performing their tasks, job's skill variety and meaningfulness. The results were very positive at these indicators as illustrated in the chart, reflecting the fact



that the employees are very satisfied and motivated. Therefore, the level of agreement was also high in their belief in the startups' goals (4.7) and their personal lives are vibrantly influenced (4.1).

Furthermore, in a fast-paced and full-of-surprise working environment, it is inevitable that it somehow puts stress and pressure on the employees, however, as analyzed above, their satisfaction as well as motivation are relatively high, coupled with lots of support, freedom and other contributing factors, so the employees easily find balance to be stable on the track in order to deliver the best performance. Hence, the respondents neither agreed nor disagreed with perceiving the job as stressful (3.1). Feedback is one of five compelling job dimensions to fulfill the employees' enjoyment for their work in the Job Characteristics Model, which was afore-mentioned in the literature review chapter. It is important to give the employees feedback as they can get knowledge about their impact on the work results as well as what they need to improve for more effective productivity. With the results from the survey, it is a recommendation that the startups should pay more attention to this part of "knowledge of results" access because its average number is 3.1, meaning the respondents neither agreed nor disagreed with them being given enough feedback. In addition, changes are existent in any startups as they are discovering and experimenting with the unknowns. Embracing change with safety and freedom of fear is the second foundation to be achieved to motivate the employees, as illustrated in Maslow's Hierarchy of Needs. According to the survey's general result, the respondents slightly disagreed with the security during change (financial difficulties, redundancy, new personnel,...), which means they almost face pressure and fear when it comes to any novel shift. Nevertheless, as analyzed earlier, the employees filling the survey were highly committed to the startup's goals and yearned for new experiences, together with the wellbeing at such innovative and youthful workplace, hence, they are energized to move forward and contribute better towards their communal goal.

For communication, the startups are doing well to keep the employees satisfied and enjoying their job.

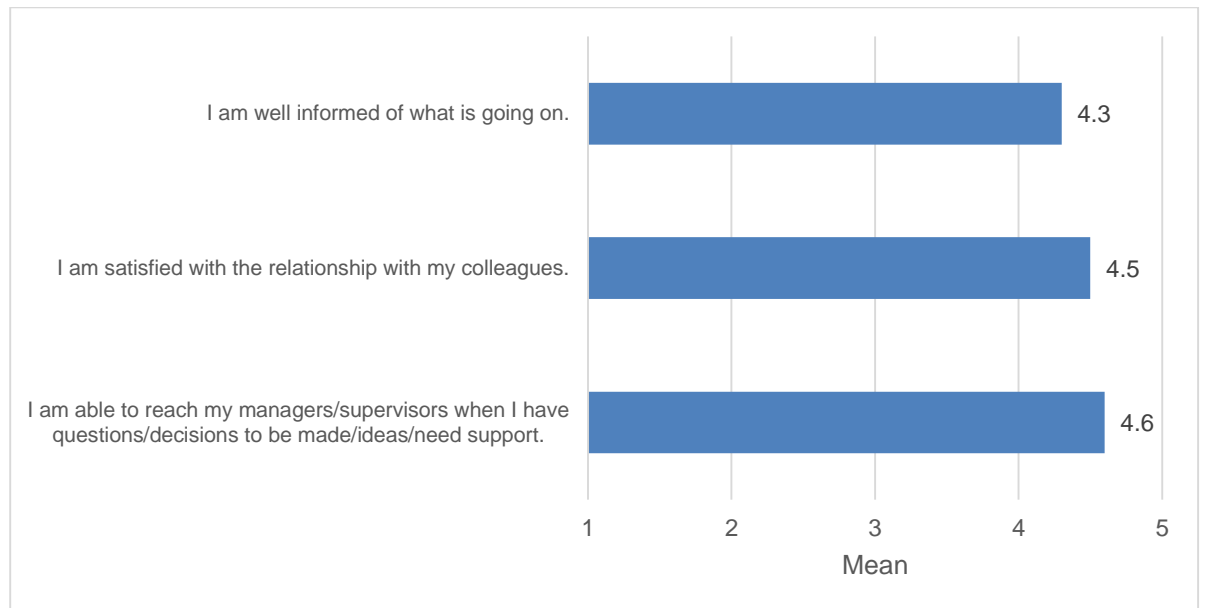


Figure 7. Situation of the employees' communication at work.

On the disagreement-agreement scale from 1 to 5, as can be seen from Figure 7, the managers and supervisors are able to be reached when their workers have questions, new ideas, need support or have decisions to be made. The agreement level is fairly high with the mean score of 4.6. Besides, the employees answering the survey were amply satisfied with the relationship with their colleagues as well as the information flow inside the startup, with which they are well informed of what is going on. The agreement level for these two facts are 4.5 and 4.3, respectively. Looking back at Maslow's Hierarchy of Needs, employees' sense of belonging was built through social interaction. The interaction can be the comfortable relationship one has with their colleagues, the open communication he or she has with the managers and the information transparency with equal access to everyone. Social interaction and the openness of information are vital for the employees working remotely or online whose working location loses the real human touch, hence, their sense of involvement would be hardly achieved, which directly affects their satisfaction together with motivation. According to the survey, only 5% of people works flexibly at anywhere and anytime they want. Even though this number is small, the startups should always keep an eye on this group. To recap, Figure 7 truly reflects that Finnish startups are doing quite well in initiating their workers' feeling of being a part of the organization, which makes every day work appealing to them.

There is a variety of means of communication utilized by the startups, which is vividly described at the Figure 8. Two most popular ways of communication among startups are the information exchange on a certain management platforms (Mean: 4.4) and through face-to-face conversation (Mean: 4.3). The management tool can be Telegram Messenger, Trello, YouTrack, Scrumwise, Slack. They can use e-mail and Skype for keeping contact with people working remotely. There are freemium social media platforms available for everyone, but information exchange through social media is not favorable among startups, which indicated through the mean value of 2.5 for social media usage. We can see that for effective and professional management, combined with the popularity of technological access, these management tools can deliver better results. Obviously, Finnish startups are taking advantage of online platform and technology to have more convenient and effective communication, planning and discussion to get things done. Even though technological communication is popular, face-to-face interaction is still in favor, which brings together real human communication with emotions, faster correspondence and more understanding. Andres (*n.d.*) cited in Gera (2013:2) that from a laboratory experiment, the teams who work face-to-face had experiences of higher interaction quality due to the opportunity of using verbal, non-verbal and backchannel signs for the promotion of conversation continuation, instant feedback as well as conceptual consensus's confirmation in comparison with virtual teams.

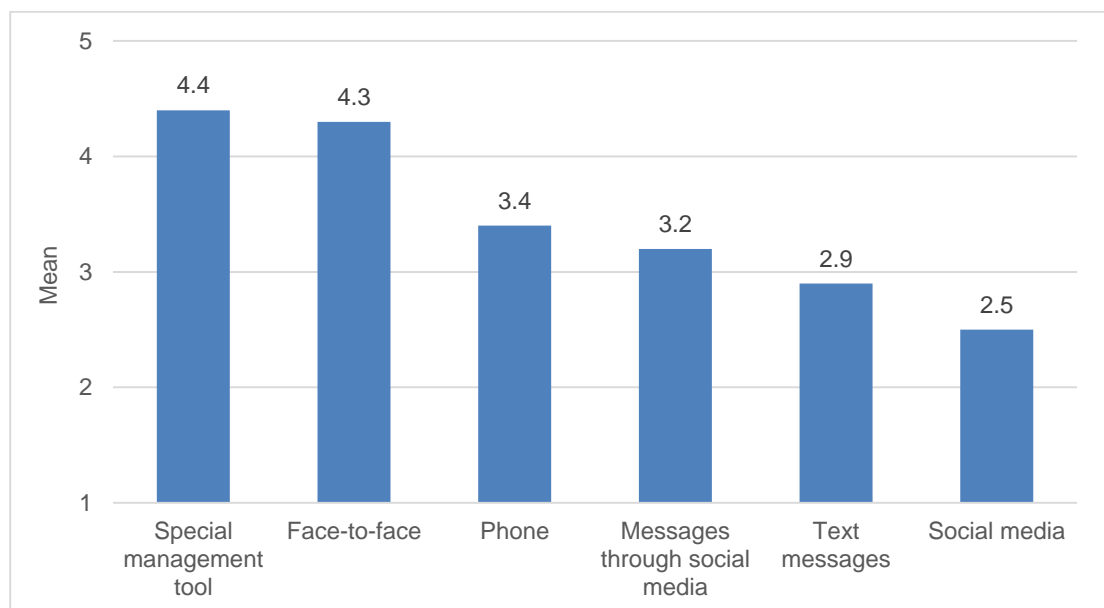


Figure 8. Means of communication in Finnish startups.

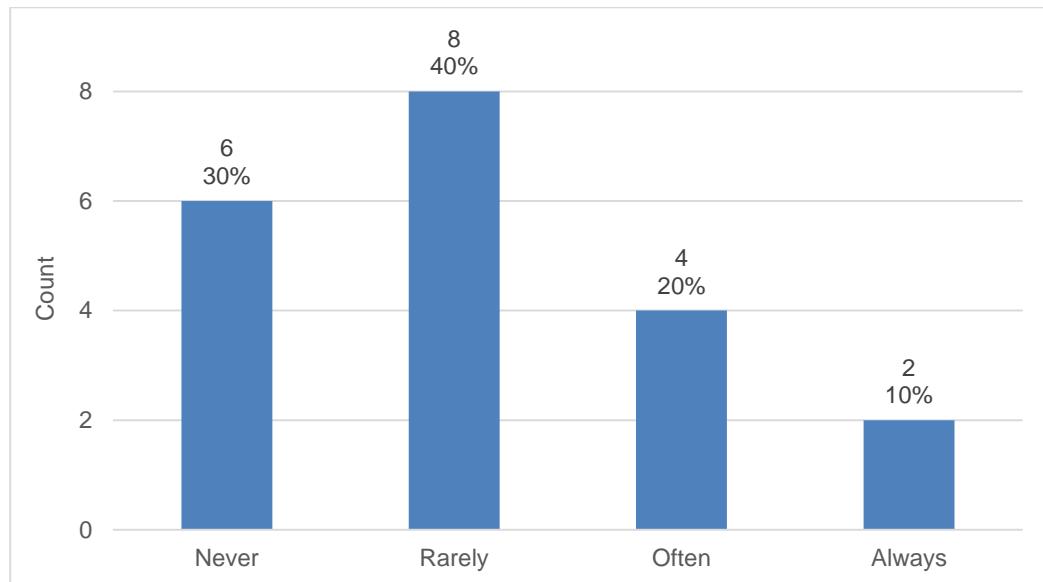


Figure 9. Employees' reward frequency.

Figure 9. illustrates the frequency of reward receipt among startups' employees filling the survey. 30% of them said they never got a reward and 40% of them was rarely rewarded. The number of people who never or rarely received a reward accounted for the majority of answerers. Rewards are quite important as they act as a recognition towards the employees' efforts to accomplish their tasks as well as a token of affiliation that develops the workers' bond with the organizations, as analyzed in the Literature Review's Maslow Hierarchy of Needs. Therefore, the value for the rewards is not necessarily high, it is a symbol of recognition (one of the motivational factors in Herzberg's Two-factor Theory), belonging and courage, so startups should take care of this perspective more in the future. In reality, among 18 people who often and always get a reward revealed what they had got in the Figure 10. below. The means which were used the least are holiday package and bonus, which were received by 5.6% of the respondents each. More people got reward under the form of bonus than the aforementioned two, which accounted for 22.2% of the survey participants. The most popular reward is public recognition (33.3%), which is obviously the simplest and the most low-cost way to express gratitude to someone's work. In addition, there are other ways of rewards other than those listed by the researcher. The researcher provided space for people to write about what other rewards are. The employees can be given some tea and honey, beer or prize. Besides, there was one person who is new to the startup, hence, he or she did not know what

the reward would be and one another person stating that his or her startup has not applied a reward system yet.

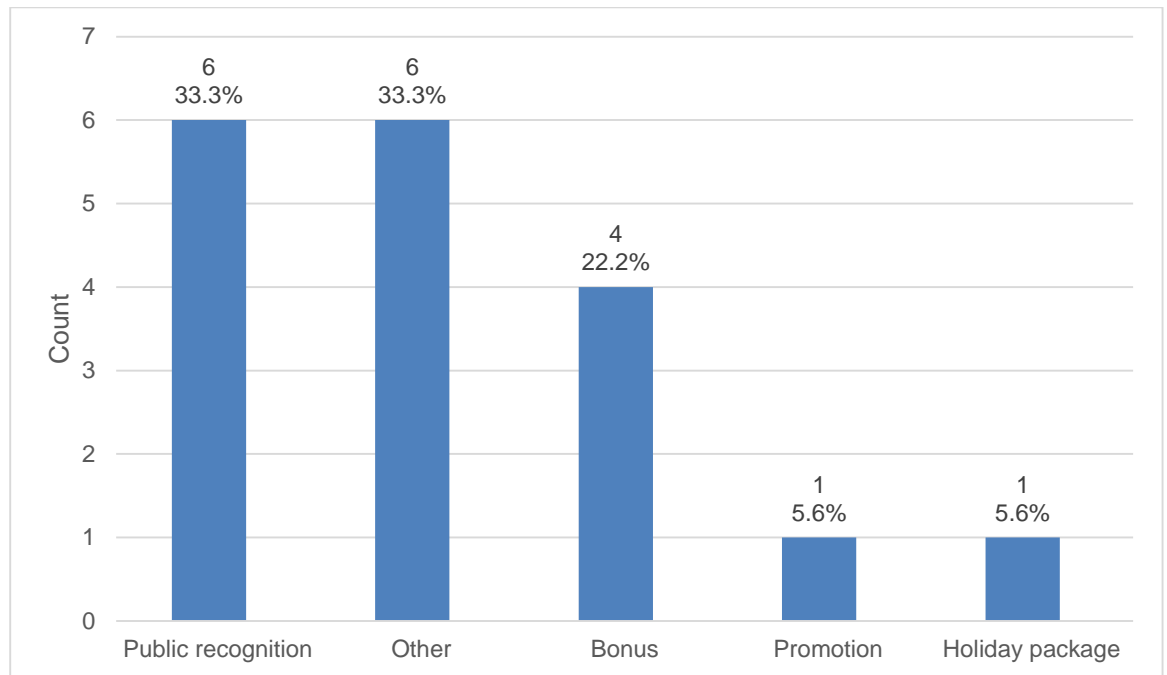


Figure 10. Finnish startups' employees' types of rewards.

In terms of benefits reflected in Figure 11, the percentage of people answering that they have no benefits from the startup is the highest, which accounts for 30.8%. The most popular benefit (26.9%) among the employees in these Finnish startups is that they have health advisor for their people. In addition, 11.5% of the respondents shared that they have free food and drinks during working hours. 3.8% of them told that their startups are equipped with leisure and sports facilities. Other perks include occupational health service, play station entertainment, phone and freedom. 3.8% of them told that their startup does not have the benefit system yet.

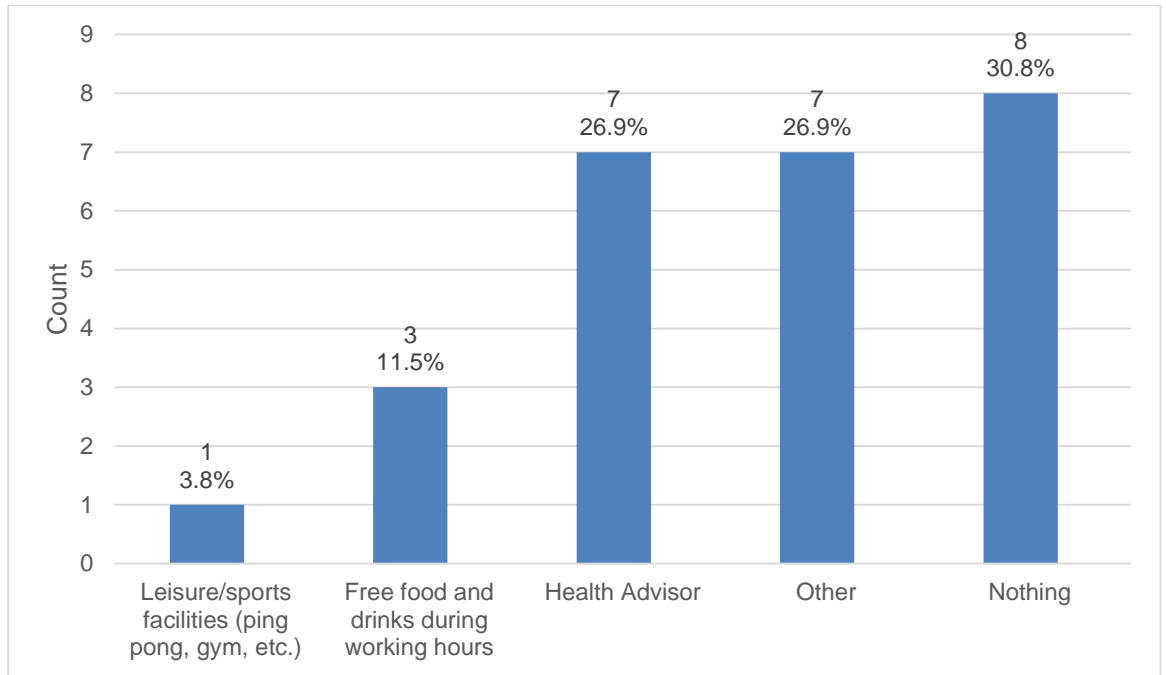


Figure 11. Finnish startups' types of benefits.

About promotion, which is orderly presented in Figure 12, the research got different responses from the survey participants. Among 19 respondents, 7 of them or 36.8%, the highest percentage, said that they always have the opportunity to be promoted. The second highest percentage (26.3%) stated that they are likely to be promoted further. A large percentage informed that they virtually had no possibility of promotion (21.1%) and had little opportunity to be promoted (15.8%). It also depends on which position they are working, the current situation of the startups and how their performance is. Promotion or career advancement is one of the motivational or intrinsic factors in Herzberg's Two-Factor Theory, which directly influences employees' job content and motivation as mentioned in the literature review part. The job which involves further career trajectory would attract the employees in the way that they feel more valued by being given more responsibilities and challenges, as proposed in Job Characteristics Model in the theoretical framework part. Thus, Finnish startups should take career promotion into more consideration and give their employees more advanced responsibilities.

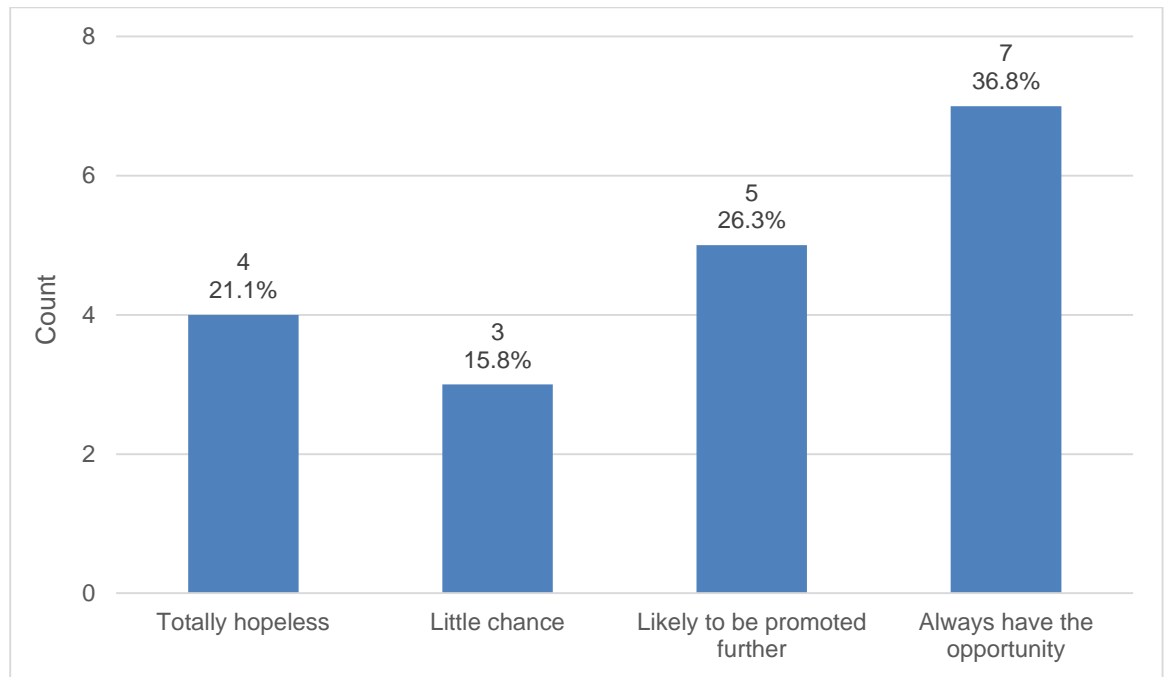


Figure 12. Chances of promotion in Finnish startups.

Considering professional skill application, which can be seen from Figure 13, no one agreed with their skills being irrelevant, new skills being required and their job being too easy. Working at a startup requires unstoppable learning and doing at the same time to deal with such harsh workload, especially with a small number of people. Through the bar chart, we can see that the employees, to some extent, can apply the skills they owned into the job, no one was assigned any job which involves completely new skills or which is far too simple to apply their available professional skills. 10% of the respondents can only apply a small amount of their skills to their current job because they are to learn a lot about new skills they are not used to. Most of the employees (55%) showed that they could utilize their skills most of the time at work but they also have to acquire other skills they are not familiar with. The rest of the survey participants feel that the job they are holding at present is totally in their field of profession, which constitutes the second largest portion. As mentioned in the discussion of Job Characteristics Model, Skill Variety is one of the five core job dimensions to fulfill an employee's job satisfaction. The jobholder are not only to be involved in tasks done with their existed skills but also to stretch their limits to develop new skills, experiments as well as experiences. These tasks are intriguing to the employees in respect of them having the chance to conquer challenges and explore the new layer of the job

rather than repeat the same thing over the course of time. Nevertheless, training and support are critical in determining the employees' job outcome and the efficiency in working on new skills would play an important role in their content level.

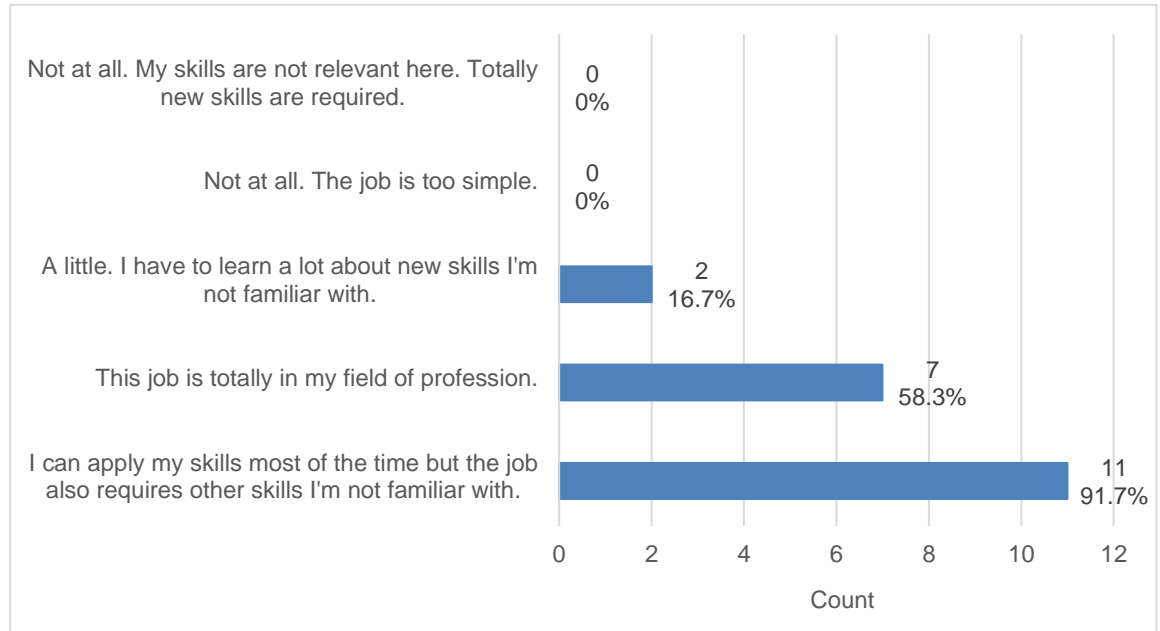


Figure 13. Employees' ability to apply their skills in Finnish startups.

In the survey, the employees participating have to evaluate how they become better in the skills they have already possessed on the 1 to 5 scale which is correspondent to Strongly Disagree, Disagree, Neither Disagree nor Agree, Agree and Strongly Agree, respectively. All of the respondents responded that they disagreed or strongly disagreed about not needing to develop their skills. They all nurture their own skills by one way or another. The survey participants strengthen their skills by observing others working (the mean value does not totally mean "Agree", which is at 3.8), learning from the experience sharing among fellow workers (mean value: 4.1), taking challenging work (mean value: 4.4) and they highly agreed that they got more skillful by learning by themselves, with the mean value of 4.8. Besides the indicators listed by the researcher, the employees also gave answers about the other ways to sharpen their existed skills which are through reading books, listening to podcasts and taking e-courses.

In addition, the survey respondents gain new skills or learn new things by multitasking (mean value: 3.8, which is nearly agreeing), having responsibility



in tasks which little relate to their skills (mean value: 4.3), embracing challenges in their job (mean value 4.6) and learning by themselves (mean value: 4.8). There is nobody acquiring new skills by taking other job at the same time with working at the startups.

## 5 CONCLUSION

The thesis aims to broaden not only knowledge about the constructive theory as well as works of other researchers around the topic of employees' job satisfaction but also the reality reflected through data collection about the issues of their working conditions and their level of content about their employment.

This chapter acts as the final step to restate the research process and recommend further matters for future research. The research is to be shortly summarized in the section 5.1. The next part of this chapter, section 5.2 discusses the research's reliability and validity or its trustworthiness. Eventually, in section 5.3, the thesis is finalized with the provision of suggestions in consideration of related deeper matters to be later researched.

### 5.1 Research summary

This part is dedicated to reviewing the research background, theoretical framework as well as the methods used to collect the data.

Startups are organizations keen on diving into the unknowns, researching and developing their products to make their business scalable and repeatable. They are not a smaller version of a company, they are simply born to experiment as well as monetize the products or services which are new to the market (Blank 2010). Since human resources are the factor directly contribute to make values in an organization, this group need to be well taken care of. Startups are well known for its fast-paced and unexpected working environment and their worlds of unknowns have no limits. Therefore, the startup employees are working towards unprecedented standards, using their experiences and exploring new things at the same time. Challenges are inevitable with a lot of events out of expectations, either good or bad, keeping their employees happy and committed to their organizational goals is the key to maintaining and fueling the business engine to function.

The thesis strives for gaining understanding in the methods and working styles utilized by Finnish startups to guarantee their employees' job satisfaction for great outcomes. The research problem is solved by answering these questions:

1. *What is employees' job satisfaction and why it is important for organizations, especially startups to take into consideration?*
2. *To what extent do employees in Finnish startups experience job satisfaction?*
3. *How Finnish startups keep their employees satisfied during times of changes and challenges when their organizations are more grown?*

To begin with the research, the thesis provided insights into the theoretical framework related to the topic. As maintaining employees' job satisfaction is one of the core goals of the human resource management (HRM) practices, the literature review started with a brief introduction about HRM in general and its relationship with job satisfaction. Dias (2011) defined what HRM is in the most compelling way. "HRM is the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them." Budhwar & Sparrow (1997) suggested that human resource strategy should be associated with the business's general strategy for attaining its goals. Organizations, after all, are energized by activities initiated by human. Therefore, job satisfaction is important to be taken into account. Edgar and Geare (2005) stated that HRM activities have tremendous influence on employees' job satisfaction, organizational commitment and organizational fairness.

To move closer to the research topic, definition about job satisfaction and theories about it are indispensable. Locke (1976) depicted job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences". The literature review's "Job satisfaction" section covers some prominent theory models constructed by experts in the field which are Edwin A. Locke's Range of Affect Theory (1976), Maslow's Hierarchy of Needs (1943), Herzberg's Motivation-Hygiene Theory (1959) and Job Characteristics Model by Hackman & Oldham (1975).

Startups' definition and especially Finnish startup ecosystem as well as its culture are overviewed. The part introduces Supercell's particular rules to

become a billion-dollar startup, which are also generally exercised in startups across Finland: *Small is beautiful – Full Transparency – Zero bureaucracy – Extreme independence – Pride in craft – Take care of each other.*

The thesis applied both qualitative and quantitative research methods in order to have better insights into the research problem. As the startup scene is growing rapidly in Finland, it was not hard for the researcher to find Finnish startups on the Internet and their contact information. They were all found on [www.startup100.net](http://www.startup100.net), which is a website monthly ranking 100 most noticeable startups in Finland. The researcher sent e-mails included information about the thesis and the enthusiasm to embark on the works to seek support as well as collaboration for the data collection through interviews and online survey. Consequently, the researcher has the opportunity to interview 2 startups and the survey was responded by 20 people among the reach of 61 people.

## 5.2 Validity and reliability of the study

Patton (2001) cited in Golafshani (2003:601) that validity and reliability are two important elements to be taken into consideration by any researcher when he or she designs a study, analyzes the results and evaluates their work's quality. Reliability is the level of consistency of the results from time to time as well as a precise manifestation of the whole population under study. If the research's outcomes can be recreated by means of an analogous methodology, the study is considered reliable (Joppe 2000 cited in Golafshani 2003:598). The research should stay consistent despite the variations of time and researchers. Validity is to decide if the research is able to correctly measure the subject or how rightful the research results are (Joppe 2000 cited in Golafshani 2003:599). Stenbacka (2001) theorized that a research's quality is reflected through its ability to generalize the results.

Triangulation is often a strategy or test used to improve the reliability and validity of the research. It is utilized as a useful approach to have the bias under control as well as establish reasonable propositions (Mathison 1988, 13). Golafshani (2003:603) cites Patton (2001) that he prefers triangulation as it strengthens the study by the combination of methods, including using both qualitative and quantitative methodology.

This research was processed with the involvement of both qualitative and quantitative methods so that the results collected from two sides can complement each other, act as a supplement to one another or give more insights into the problem. In terms of qualitative approach, interviews of startups' people in managing positions were conducted so that the researcher can gain the knowledge of their vision for the organizational culture as well as their efforts in improving the employees' job satisfaction. The researcher prepared a set of questions based on the theoretical framework as well as her own experience as an intern in an organization which accelerates startups. Because the researcher did not have long-term experiences and knowledge in the field in such short time for the thesis, her perceptions towards the interviewees' answers as well as her ability to interact and initiate other questions related were still incomplete for the efficiency of the data.

In consideration of quantitative approach, the survey is for the employees' side to give information and evaluate the components affecting their job gratification. The researcher tried to reach out to the startups listed on the Startup100's monthly rank. However, the research's participants were not as many as wanted. Due to the limited duration of the thesis as well as the unfavorable time of the year when most of the businesses were too busy to have collaboration with the author, the data collected had a humble size.

More particularly, only 2 startups (Snafu Oy and startup X) agreed to have an interview with the researcher and the survey was only responded by 20 people. It was hard to generalize the data for Finnish startups on the whole because of the tiny number of startups agreeing to help for the qualitative approach and even though 20 would be the minimum number that can be qualified for a reasonable quantitative analysis, this piece of data, from the researcher's viewpoint was unable to express the overview of all Finnish startups' employees' state of job happiness. However, the researcher could have the opportunity to offer an in-depth data analysis for the interviews of 2 startups and sharpen analysis skills in dissecting the survey responses.

### 5.3 Suggestions for further studies

#### 5.3.1 Employees' job engagement

Job satisfaction is essential for the organizational success as discussed above, there is a number of benefits for the organizations once their employees are satisfied with their job, especially their increasing contribution and commitment to the organizational success. Job satisfaction, as defined by cognoscenti, is “the extent to which employees are happy and contented, fulfilling their desires and needs at work” (Oregon Primary Care Association *n.d.*). However, although job satisfaction is vital, the employees need more than itself to be empowered to take extra mile for the success of the organization. Job satisfaction holds the potential key to make the employees dedicate their hearts and souls for further commitment, but it needs to be further activated. Indeed, employers who want to take the most out of their employees need to transform their job satisfaction into making them feel engaged to their job. Engagement is bred from the employees' awareness of their mind aligning with the company's visions and accepting the challenge to satiate their belief with their utmost, not only limited within their given responsibilities.

The employees can be satisfied with their job but they are not necessarily supposed to be engaged. Considering good pay, comfortable working time and good relationship with co-workers can guarantee their working day not resulting in a bad day, nonetheless, they need more chemicals to keep them engagingly tether to their job. On the other hand, provided the employees are engaged with their job and willing to push themselves farther but there are no reasons to be satisfied with their job, they have to go through such disastrous burnout (Happy Melly 2015; Maylett *n.d.*). Therefore, ironically, job satisfaction alone cannot decide employees' engagement but operating without it turns the situation upside down. It can be seen that job satisfaction is the indispensable component for the formation of employees' job engagement. According to the Oregon Primary Care Association (*n.d.*), an employee is immensely engaged and makes extensive efforts at work once he or she is not only satisfied but also concurrently effective and motivated. Happy Melly (2015:5) cites Sheffield (2010) that “Employee satisfaction is the minimum entry fee that needs to be met in order for an employee to be fully engaged.”

With all reasons stated above, job engagement should be an ideally deeper topic for future research, especially in the context of startups in which employees' devotion is highly desired. It plays a considerable role in bridging job satisfaction with the wanted results of having a committed and devoted team. Job satisfaction and job engagement can be interchangeably mentioned as being equivalent initially but they are different and as demonstrated above, one presenting without the other cannot completely deliver the best value to the organizations.

### 5.3.2 Startups's organizational structure in developing employees' job satisfaction

Job satisfaction is influenced by a number of factors. According to the literature review in this thesis, a myriad of stimuli elements have been discussed through such models as Maslow's Hierarchy of Needs, Herzberg's Motivator-Hygiene Theory or Job Characteristics Model about offering the employees sufficient autonomy to accomplish their work; inspiring them to realize their job's impact and meaningfulness; meeting the physiological needs; providing the employees with a sense of safety, belonging and esteem; giving them the opportunities to self-actualize by assigning them higher responsibilities and more challenging tasks. However, each and every aforementioned factor is a particular facet included in a wider influencer called "organizational design". According to Mind Tools (*n.d.*), organizational design involves the alignment of the organization's structure with its mission. To be more specific, organizational design makes sure that the complicated relationship between responsibilities, authority, tasks and workflows complies with the business's purposes. This demonstrates its own importance when the startup is in the stage of high growth, having its size extended and wants to guarantee their employees' job satisfaction as well as work efficiency. Thereby, the topic of job satisfaction would be more in-depth and profound if in the future, the relationship between itself and organizational design when the startup reaches its growth phase is researched.

Good organizational design is a great boon to the communication across the organization, productivity and innovation. As a result, people can work together more effectively. Nonetheless, as a matter of fact, the significance of organizational design is usually overlooked by numerous organizations or they virtually do not know what to do with the setup, especially startups and young

companies (Corkindale 2011). Castillo (2011) recited Davila *et al.* (2010) that startups determining the structures of their business operations in their early years have the propensity to grow three times faster than their competitors as well as lower the rate of CEO turnover. Davila *et al.* (2010) cited that some entrepreneurs regarded management systems as severe hindrance to creativity and growth and their failure to recognize the organizational design once they are in their pinnacle of the growth will possibly make that growth and scaling unsustainable. As stated by Mind Tools (*n.d.*), organizations often embark on evolving rather than following a designed pattern. Ultimately, the organizations grow on the hoof without elaborate and serious efforts in how to organize their business properly. Henceforth, this fact builds barriers to the overall growth due to mishmash of e.g. communications, decision-making, innovation, creativity. Corkindale (2011) suggested that as structure defines the interaction of various roles within the organization and eventually how people function, poor organizational design and structure culminate in a barbarous pool of contradictions, namely confusions of roles, lack of collaboration among functions, sharing of ideas being nixed and inert decision-making line causing excessive stress, conflict and complexity.

Employees' job satisfaction and welfare are affected negatively if the role of organizational design is slighted. There is a number of commonplace inevitable consequences such as creating "unworkable" jobs as parts of the jobs contradict to each other, abominable politics and employees suffering from over-regulation as their ideas or tasks have to be approved by so many people (Corkindale 2011). In addition, the effect is more detrimental if loose organizational design takes place when the organization expands its size to 50 to 100 employees. Therefore, change should be made and more awareness about correcting the structure should be raised during this sensitive time (Castillo 2011).

One lofty example is a revolutionary way of organization called Holacracy, developed by Brian Robertson in 2007. Holacracy encourages self-management by the elimination of hierarchies and job titles, managers relinquishing their power and the old organization is replaced with a structure that concentrates on getting the work done (Blinkist *n.d.*). As stated by Dunsmoor (2015) in Zappos Insights' blog, Holacracy does not mean there is non-existence of hierarchies, but instead of hierarchies of people, Holacracy

focuses on hierarchies of work. People work around so-called “circles” which are associated with roles grouping together to accomplish certain goals and current priorities. The circles can be born as wished but can also destroyed when they are no longer useful to keep up with the changing environment. In Holacracy, the structure or circles and work priorities are renovated every month (HolacracyOne *n.d.*) A person can take different roles in many circles at a time as long as he or she feels that the roles are under their siege. This helps maximize individual contributions through their whole set of abilities to the organizations and empowers each person to hold entrepreneurial spirit with the granting of needed autonomy for decision-making, all of which elevates their job satisfaction and engagement. The special thing about Holacracy is that it may sound impossible with the obvious anarchy and messiness at first but in fact, Holacracy-based structure is built on a strict and compelling constitution regarded as “The Rules of The Game” which decides the distribution of authority and acts as a guide to effectively make decisions which are consistent with the organizational purposes and priorities (HolacracyOne *n.d.*). The Holacracy Constitution is respected by everyone in the organization, even the leaders have to refer to the guidelines and rules listed in the constitution for execution with the avoidance of his or her own influences or preferences. Holacracy has been successfully adopted by many organizations, startups and companies such as Zappos, Medium or Blinkist. Tony Hsieh, CEO of Zappos, commented on its adoption of Holacracy in Zappos Insights blog:

“Research shows that every time the size of a city doubles, innovation or productivity per resident increases by 15 percent. But when companies get bigger, innovation or productivity per employee generally goes down. So we're trying to figure out how to structure Zappos more like a city, and less like a bureaucratic corporation. In a city, people and businesses are self-organizing. We're trying to do the same thing by switching from a normal hierarchical structure to a system called Holacracy, which enables employees to act more like entrepreneurs and self-direct their work instead of reporting to a manager who tells them what to do.”



Schmidt *et al.* (2014) believed that organizational design is different and take hard efforts once the organization becomes bigger: “What works when you’re small and in one location does not work when you get bigger and have people all over the world.” To keep the employees satisfied, engaged, devoting to working and stretching beyond their limits in this time is different from the early stage of the organization. The notion is true for Google, a rapidly burgeoning company that expands its business to thousands of people, even tens of thousands of people every year, especially the number of employees in 2012 is 21,500 higher than 2011 (Statista 2015). Therefore, re-orgs (reorganizations) are regular activities within the behemoth. Google aims at flat structure, involving the shift from centralized to decentralized structure where people can have direct access to the decision-makers and get things done faster. In general, Google believes in being functionally structured with departments such as engineering, finance, products, sales reporting directly to the CEO rather than operating through divisions and various product lines as they potentially form isolated islands and freeze the information flow (Schmidt *et al.* 2014) and people in different product units would prioritize their benefits over the company’s, causing imbalance of workload and the overall health of the organization’s operations. Moreover, Google is inclined to keep people work in small teams and follows “two-pizza team” rule, which describes idea team size as enough to be fed by two pizzas. As stated by Schmidt *et al.* (2014), keeping teams in small size make work getting done more than big ones, filthy politics dwindling and the employees not overwhelmed by worrying about who gets the credits. Furthermore, small teams support and take care of their members better so challenges and stress can be easily vanquished. Eventually, Google organizes their activities around those who have the most impact, meaning considering giving leading responsibilities to people who have passion and impeccable performance rather than function and experience. In addition, the leaders need to be the ones who put emphasis on the general bottom line of the company rather than their own benefits. After all, Google believes in the old adage which goes: “If you want something done, give it to a busy person.”



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## APPENDICES

## Appendix 1. Interview questions

*Working environment*

- What kind of **culture** do you establish in the startup?
- How comfortable the working environment is for the employees? How about the facilities?
- Does the working environment include informal elements? (a Friday get-together party, employees can wear casual clothes, their working corners can be decorated by their interests,...)

*Communication*

- What is **the style of communication**? Is **informality** encouraged?
- How do you **improve relationships** and **social interaction** among people?
- How do you keep your staff **up to date** with how the organization and teams/departments in general, are doing? How often? Are all information disclosed regardless of **negativity or positivity**?
- How **open** are you to all kinds of employees' **questions**? Have you ever been questioned with uncomfortable questions? How do you face with the situation?

*Working characteristics*

- Does working in your company involve **uncertainty and spontaneity**? If yes, how do you empower your employees to cope with those?
- Do you implement **ideas** initiated by your **employees**?
- Do you trust all employees, regardless they are **new or old** ones?
- Is **teamwork** a regular activity? How do you manage teams? Are the teams provided with **freedom** and delegated the right to **make decisions**?
- How is the **decision-making** process? Can the employees **approach** you directly without going through **intermediaries**?
- Do you encourage the employees to **experiment** their own **ideas**?
- Do the employees have the opportunities to be given **increasingly challenging tasks**?
- How do you give **feedback** on the staff's performance? How often?
- What do you do to **inspire** the employees to continue their belief in what the company is doing?
- Do you **take care of** your employee's **life**?

*Compensation, benefits, perks, rewards, promotion*

- What do you do when there is **salary raise proposal**?
- During **financial crisis** or **difficult times**, what do you do with employees' compensation, benefits, perks, rewards? How do you persuade them to stay?
- Do employees receive any **benefits** from working for your startup?
- Do you offer any **perks** at workplace? (free meals, clinic,...)



- What do you **reward** the employees when they accomplish an important task?
- How is the **promotion opportunity** in your startup?

#### *Training, support*

- Do you organize **training** for the employees? What type of **training**? How often? Results?
- Do the employees have the opportunity to **develop other skills** besides their **profession**?
- If your company has **interns**, how do you **manage** and **train** them?
- How do you **support** them during their performance (support, **not micromanagement**)? Are you always available to keep up with their work?
- What do you do to **reduce employees' stress**? Do they have **break** during working?
- How do you **help** your employees deal with tasks which have **time constraints**?

#### *Recruitment*

- How do you **persuade** talents to **join** your startup?
- What are the **characteristics/criteria** you look for in people to become your employees?

#### *Deal with hard times, change*

- If there is someone who **underperforms**, what would you do?
- How do you **handle conflicts**? **People deciding to leave**?
- How do you **help employees to handle changes** (new manager, new personnel,...)?

#### *Concern about employee satisfaction*

- *Do you have **enough time** to take care of the **personnel and human issues**?*
- How do you know if the employees are **satisfied or not**?
- Have you ever **measured** job satisfaction of your employees or ever taken this matter into consideration?
- What kind of **methods** do you use? **How often** do you measure? The **results**?
- Do the people you hire **blend well** with your company's **culture**? Is there any **resistance** and how do you deal with that?

## Appendix 2. E-mail and Facebook post to Finnish startups about the thesis and the online survey

E-mail:

*Dear ...,*

*I am Thach Vo, a third year business student from Kymenlaakso University of Applied Sciences. I am working on my thesis about "Employee Satisfaction in Finnish Startups".*

*Currently, I am doing my internship at my university's entrepreneurship society called Patteri, from which I have developed passion for startups as well as their working culture. That's why I decided to complete my Bachelor degree with this topic.*

*It would be ideal that I can have your collaboration on my thesis work. Ultimately, your valuable contribution would be a great source for my work as I want to show people that it is time for companies to shrug off their conventional methods to take care of their employees more in terms of freedom of speech and more comfortable working place as "people" is the greatest asset in a company.*

*The survey result are eventually sent to you when they are done.*

*Here is the link to my survey:*

*<https://www.webropolsurveys.com/S/C46ED045925D2743.par> , which helps you get to know your employees' satisfaction better.*

*Thank you for your attention,*

*Best regards,*

*Thach Vo*

Facebook post:

*Hello everyone. I am doing my thesis about "Employees' Job Satisfaction in Finnish Startups". If you are working at a startup in Finland, it would be awesome if you can help me fill in the survey. The survey wouldn't take more than 10 minutes to complete.*

*<https://www.webropolsurveys.com/S/C46ED045925D2743.par>*

*Your wish and your opinions about your current workplace would be valuable for my research. The results can give me more insights into the working culture as well as how the employees experience job satisfaction in Finnish startups. Thank you for your support!*

Appendix 3. Employees' job satisfaction survey

Hello,

My name is Thach Vo and I am working on my bachelor thesis at Kymenlaakso University of Applied Sciences. My thesis title is:

**EMPLOYEES' JOB SATISFACTION IN FINNISH STARTUPS.**

Your participation in the survey would not only help me to get further insight into this topic but also create an opportunity for yourself to contribute your opinions over your job satisfaction.

The survey results and the thesis will be eventually handed to your startup's Human Resource Management Department. As a result, they can gain knowledge about whether the working culture they establish make you satisfied, which means your answers can make an impact!

Thank you for your dedication and your time with the survey!

Best regards,

Thach Vo

The survey will ask you questions regarding:

BACKGROUND INFORMATION

WORKING CHARACTERISTICS

COMMUNICATION AT WORK

SKILL UTILIZATION

COMPENSATION, BENEFITS AND PROMOTION

Please answer the questions honestly. You are not asked to reveal your identity. All the answers collected will be anonymous. Due to limited conditions and resources, the survey is only offered in English.

It would not take more than 15 minutes to complete the survey.

Thank you!

## BACKGROUND INFORMATION

1. Your age:
  2. Your gender:
  3. Your startup's name:
  4. Your position:
  5. Please define your job basis:  
 Part-time  Full-time  I can work freely anytime I want
  6. Your working location (At the workplace, online, remotely):
  7. Your previous work experience(s):
- 

## WORKING CHARACTERISTICS

8. The reasons you work for your startup? To what extent do you agree/disagree with each of the following statements:

		Strongly Disagree (1)	Disagree (2)	Neither Disagree nor Agree (3)	Agree (4)	Strongly Agree (5)
1	For sharing vision of the company					
2	For experience					
3	For making a living					
4	Because my previous work experience(s) is/are similar					
5	Because I want to take a different role than my previous work experience(s)					
Other(s)						

9. To what extent do you agree/disagree with each of the following statements:

		Strongly Disagree (1)	Disagree (2)	Neither Disagree nor Agree (3)	Agree (4)	Strongly Agree (5)
1	I am given relaxed time to complete a task.					
2	My work is stressful.					
3	My work is challenging.					
4	My work is stressful.					
5	My job is meaningful.					
6	My idea(s) is/are listened/respected by the manager(s).					
7	I'm encouraged to experiment new idea(s).					
8	My work involves creativity.					
9	I have opportunities to learn new skills.					
10	Teamwork is involved in my work.					
11	I feel trusted by my co-workers (including my managers and supervisors).					
12	I have freedom to do my tasks in the way I want.					
13	I get support from others to get my work done.					
14	My job affects my personal life positively.					

15	My job affects my personal life negatively.					
16	I receive enough feedback(s) about my performance.					
17	I feel secured when change happens (Financial difficulties, new manager, more personnel,...).					
18	I believe in the startup's goals.					

## COMMUNICATION AT WORK

10. To what extent do you agree/disagree with each of the following statements:

		Strongly Disagree (1)	Disagree (2)	Neither Disagree nor Agree (3)	Agree (4)	Strongly Agree (5)
1	I am satisfied with the relationship with my colleagues.					
2	I am well informed of what is going on.					
3	I am able to reach my managers/supervisors when I have questions/decisions to be made/ideas/need support.					

11. How do you communicate with each other to complete a task? To what extent do you agree/disagree with each of the following statements:

		Strongly Disagree (1)	Disagree (2)	Neither Disagree nor Agree (3)	Agree (4)	Strongly Agree (5)
1	Face-to-face					
2	Phone					
3	Text messages					
4	Social media					
5	Messages through social media					



6	Special management tool (Can you tell what its name is):					
	Other (optional):					
	Other (optional):					
	Other (optional):					

## COMPENSATION, BENEFITS AND PROMOTION

12. Do you receive rewards after completing an important task?

- Never
- Rarely
- Often
- Always

13. Can you tell what kind of reward you receive after completing an important task? (You can tick more than 1 answer)

- Bonus
- Promotion
- Public recognition
- Holiday package
- Other(s): .....

14. What benefits does your startup give you? (You can tick more than 1 answer)

- Nothing
- Free food/drinks during working hours
- Leisure/sports facilities (ping pong, gym,...)
- Health advisor
- Other(s): .....

15. How is your prospective of career promotion in the startup?

- Totally hopeless
- Little chance
- Likely to be promoted further
- Always have the opportunity

## SKILL UTILIZATION

16. Can you apply your skills in the job?

- Not at all. The job is too simple.
- Not at all. My skills are not relevant here. Totally new skills are required.
- A little. I have to learn a lot about new skills I'm not familiar with.
- I can apply my skills most of the time but the job also requires other skills I'm not familiar with.
- This job is totally in my field of profession.

17. How do you develop your skills? To what extent do you agree/disagree with each of the following statements:

		Strongly Disagree (1)	Disagree (2)	Neither Disagree nor Agree (3)	Agree (4)	Strongly Agree (5)
1	I improve my skills through professional training.					
2	I learn from the experience sharing among co-workers.					
3	I develop my skills from observing others working.					
3	I am more skillful by taking challenging work.					
4	I learn myself.					
5	I don't need to develop my skills.					
	Other (optional):					
	Other (optional):					
	Other (optional):					

18. How do you gain new skills and learn about new things? To what extent do you agree/disagree with each of the following statements:

		Strongly Disagree (1)	Disagree (2)	Neither Disagree nor Agree (3)	Agree (4)	Strongly Agree (5)
1	Multitask helps me to learn new skills.					
2	I gain new skills when taking over tasks which little relate to my skills.					
3	I learn myself.					
3	Challenges in my job help me to gain new skills.					
4	I learn new skills by having other job(s) at the same time with working here.					
	Other (optional):					
	Other (optional):					
	Other (optional):					

THANK YOU FOR YOUR CONTRIBUTION!

HAVE A NICE DAY!

For more information, you can contact me at:

[baothach95@gmail.com](mailto:baothach95@gmail.com)