

# **YOU CAN CODE THE SOFTWARE, BUT CAN YOU CODE THE START-UP?**

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**A CASE STUDY OF EMPLOYEE PERCEPTION TOWARD  
FORMALIZATION IN HIGH-TECH START-UPS**

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### **Abstract:**

This thesis aims to explore how employee perception could be utilized as a resource in determining the need for increased formalization in the field of high-tech start-ups. The thesis is based on a qualitative case study of a representative company in the software industry. The primary data consists of semi-structured interviews with 12 subjects spread across three existing functions within the company. Psychological Contract Theory is used to form an understanding of the employees' experience and expectations of their work, laying the groundwork for further analyzing their perceptions of a planned increase in formalization within the organization. Employee Readiness for Change Theory is then used as a way of measuring this perception in the form of change readiness, analyzing how welcoming the employees are toward the structural changes. The study demonstrates the presence of several factors indicating a high change readiness among the employees: discrepancy, appropriateness, efficacy, principal support and valence. Of particular note is the study's finding that this change readiness strongly varies within the organization depending on the psychological contracts of the employees in question. It is also found that employees' change readiness toward formalization correlates with the reasonings of management. This thesis aims to further the theoretical understanding of employee perceptions of formalization within the realm of high-tech start-ups, as well as provide managers and change agents the means of more readily determining the optimal timing and scope of implementing structural changes such as increases in formalization within the organization.

### **Keywords:**

High-Tech Start-ups, Formalization, Psychological Contract Theory, Employee Readiness for Change, Employee Perceptions, Organizational change

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## Glossary

<b>ERCT</b>	Employee Readiness for Change Theory
<b>Formalization</b>	The degree to which something is arranged to a fixed structure. In the case of this study, the formalization of a business organization.
<b>M&amp;S</b>	Marketing & Sales (function within the case organization)
<b>PC</b>	Psychological Contract
<b>PCT</b>	Psychological Contract Theory
<b>PD</b>	Product Development (function within the case organization)
<b>Start-up</b>	A company in the early stages of its development, which is designed to develop its product/service and grow.
<b>Venture Capital</b>	Private equity financing provided to early-stage firms that exhibit large growth potential.

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# 1. Introduction

## 1.1. Background

Throughout the world, innovative high-tech start-ups is a rapidly growing field, with this industry making up an ever-larger part of the economy, and receiving increasingly strong levels of funding (SVB Financial Group, 2021). Being a fairly recent field, however, research has lagged behind in the rapidly changing development, with commonly used theories and organizational models proving difficult to apply successfully. This is particularly true when it comes to organizational structure, where theories such as the life-cycle of organizations have been shown to have little relevance in the field of high-tech start-ups (Phelps et al., 2007 ; Granlund & Taipaleenmäki, 2005).

Seeing how flexibility is a vital component in the rapidly changing world of technology development, a challenge within this field lies in maintaining a balance between structure and flexibility as start-ups grow and demand higher degrees of hierarchy and formalization (Davis et al., 2009). Thus, it is of interest to explore when and how it is suitable for management to implement increased structure while minimizing the harmful effects on the organization and maintaining the right balance. As the employees are usually the most heavily affected by organizational changes, while simultaneously the most important resource within knowledge-intensive companies, the question then becomes: can the employees themselves be utilized as a resource to determine when a high-tech start-up should implement increases in structure? In examining this question, employee perception can be investigated by analyzing their experience and expectations using the Psychological Contract theory (Lester et al., 2007), and based on this analysis, examining the prevalence of change readiness among the employees (Armenakis et al., 2007b). This thesis, based on a case study of a representative company, aims to investigate these factors among the employees and examine their correlation to top-down implementation of an increase in organizational structure.

## 1.2. Literature Review and Research Gap

Granlund & Taipaleenmäki (2005) identified growth-oriented high-tech firms as knowledge-intensive and built on an idea of flexibility which makes high-tech firms reluctant to add structure proactively. Instead, structure tends to be added reactively when pressures from the external environment arise. Thus, structure in high-tech firms grows irregularly in bursts, and not linearly as the original life-cycle theories propose (Granlund & Taipaleenmäki, 2005 ; Giacomazzo & Blomqvist, 2017). Research by Davis et al. (2009) has, however, shown that adding structure proactively is advantageous for performance. It is better to err on the side of having too much structure than too little, as structure allows for an efficient capture of opportunities. (Davis et al., 2009).

While the management of a tech start-up with low levels of formalization should strive toward a higher degree of formalization to ensure optimal business performance, there are reasons why it may be hesitant to do so. In the study of Baron et al. (2001), changing the organizational blueprint of a tech start-up from flexible to formal was found to increase employee turnover, leading to a decrease in revenue growth, which is crucial for start-ups (Baron et al., 2001).

This leads us into the field of change resistance, and the negative effects typically experienced within organizations when structural changes are implemented. Much of the literature on the subject focuses on the relationship between employee resistance and the intensity of the changes implemented (Ford, Ford et al., 2008), although more critical analyzes have shown that the relationship between the two is not entirely as straightforward as that (Rafferty & Jimmieson, 2017). It is rather influenced by employees' subjective perceptions of the changes, as well as ingrained, self-fulfilling models of resistance to change that are held as true within the organizations themselves (Rafferty & Jimmieson, 2017 ; Dent & Goldberg, 1999). Interestingly, resistance to change can be an unwelcomed effect of employees being highly satisfied with their current work situation. If the anticipated outcome of an organizational change is perceived to be less beneficial than the status quo, then the employee will resist the change (Van Dam, 2005).

More recent research by Vos & Rupert (2018) has shown that change agents usually perceive higher levels of resistance than change recipients do, as well as change agents underestimating their ability to reduce such resistance. Therefore, it is reasonable to question whether organizational change has received a worse reputation among management and research than it deserves. It is thus not unimaginable that employee perceptions could be utilized for increasing knowledge in this matter and facilitating change, particularly in the field of high-tech start-ups.

This calls into question the necessity of resistance to change occurring in first place, and opens up questions on whether or not the phenomenon can be removed or mitigated, or even utilized as a resource for change (Ford, Ford et al., 2008). This further leads into the field of Employee Readiness, defined by Armenakis et al. (2007a) as “the extent to which an individual is cognitively and emotionally inclined to accept, embrace, and adopt a particular plan to purposefully alter the status quo.” As this readiness plays an important role in the successful implementation of change projects, it is an important factor to consider, and much research has been dedicated to analyzing and measuring it (see e.g. Armenakis et al., 2007b). As further explored by Armenakis et al., (2007b) several factors involved in change readiness can be measured among members of an organization, and could be utilized as a way of gauging existing levels of change resistance and readiness.

There appears, however, to exist a research gap regarding employee readiness among high-tech start-ups, and its correlation with the introduction of increases in structure and formalization, which would be of interest exploring. For instance, it would be beneficial



for managers within this field to learn more about how increased formalization fuels employee negativity and resistance, which in turn brings harmful effects for the company such as increased employee turnover (Baron et al., 2001). Further research in this field could serve to better identify the actual causes and correlations of the negative effects of structural changes, and provide knowledge on how they may be mitigated. Finally, the research could serve to determine to what extent employee perception may actually be utilized as a resource in recognizing the need for change, as well as what type, timing and size of change would be preferable.

### 1.3. Purpose and Research Question

The purpose of this thesis is to contribute to the understanding of how it can be determined when structural changes should be implemented in the field of high-tech start-ups. To this end, the thesis looks to the employees as a potential indicator for when the organization would be most ready to successfully adopt a higher degree of structure and formalization. More specifically, the study seeks to analyze whether the attitudes and expectations of employees correlate to the need for such changes as experienced by management.

A qualitative case study will therefore be conducted to answer the research question:

*How can employee perception be utilized in recognizing the need for formalization in a high-tech start-up?*

### 1.4. Delimitations

With the aim of answering the research question through an in-depth case study, this thesis focuses on a single organization within the field of high-tech start-ups. This organization is chosen as it fulfils the role of a representative company within this field. This does, however, delimit the study geographically to the area of Stockholm, Sweden (and to some extent India and USA), where the company is based. The study is delimited to examining the correlation between employee perception and a top-down decision to increase formalization through the perspective of the employees, and utilizing psychological contract theory and employee readiness for change theory as a framework. The intended formalization concerns an increase in business process automatization and the division and specialization of work. The study further delimits employee readiness for change to five determining factors: discrepancy, appropriateness, efficacy, principal support and valence.

### 1.5. Expected Contribution

This thesis aims to address the current research gap between employee resistance and readiness, and employee involvement in times of organizational change. Through a

qualitative study examining a representative case within the high-tech start-up field, the aim is to contribute toward explaining how employee perceptions toward increases in formalization can be measured and understood, and thus how these can be utilized, within the field of fast-moving start-ups. This thesis expects to test the relevance of existing models in this particular field, and provide a better understanding for the human aspects of change management. Furthermore, it aims to provide managers with an improved toolset for understanding and utilizing employee perception in the pursuit of finding the right timing and amount of formalization within their organizations. Lastly, it aims to contribute with an academic foundation for further research within the field of employee perception and formalization within high-tech start-ups.

## 2. Theory

### 2.1. Theoretical Framework

In order to create an inclusive framework, it was concluded that more than one theory was needed to comprehensively cover the topic of employee perceptions toward an increase in company formalization. After reviewing relevant theoretical literature, a combination of Psychological Contract Theory (PCT) and Employee Readiness for Change Theory (ERCT) was concluded to be favorable. The theories cover rather different aspects of employee perceptions and using both creates synergistic effects. PCT provides insights into the current cognition of employees, forming the basis for their perceptions. ERCT provides a way of measuring employee perceptions toward a change, such as increased formalization, to identify whether the perceptions are positive, to ultimately decide if change readiness is high.

#### 2.1.1. Psychological Contract Theory (PCT)

Researchers suggest there exists a psychological contract (PC) between the employee and their organization. (Conway & Briner, 2005). One common definition of a PC is Rousseau's (1998):

“The psychological contract is individual beliefs, shaped by the organization, regarding terms of an exchange agreement between the individual and their organization.”

Conway & Briner (2005) found through literature studies that PCs are considered to contain both explicit and implicit promises, with contracts being largely contextual. Besides being based on explicit agreements, PCs are also based on subjective interpretations. Furthermore, Tekleab et al. (2020) found that PCs can be shared, meaning that the collective perception on a team-level influences the individual PC. It is therefore motivated to study PCs within specific teams, rather than just on an individual level.

According to George (2009), it is common that different levels of professional experience lead to different expectations. For example, individuals in the early stage of their profession usually focus on learning the job, and are expected to show some initiative at work. Since they have not yet been fully socialized into their profession, their expectations will be open for adjustments. On the other hand, individuals with more professional experience will focus on developing a professional reputation and taking on responsibility. These employees are expected to have a range of specialist skills, and being already socialized into their profession, their expectations of work will be stable.

Moreover, PCT covers “breaches”, which occur if one party fails to deliver on promises. Breaches can lead to damage, such as an employee becoming disengaged in their work, or ultimately leaving (Conway & Briner, 2005). Van den Heuvel et al. (2017) suggests

that higher levels of PC fulfillment, i.e. fulfillment of expectations, are beneficial for business profitability. High PC fulfillment is positively related to both employee engagement and lower turnover intention levels. Furthermore, Van der Smitten et al. (2013) proposed that positive attitude toward change is correlated with high PC fulfillment. Thus, if employees perceive a certain change as positive, employee satisfaction will remain at the same or higher levels as prior to the introduction of the change.

PCs are considered as dynamic. Rousseau et al. (2018) constructed a model to describe PC development, with the effect of disruptive change included. When an event disrupts the ordinary employment exchange, it can generate both positive and negative employee affect. If the disruption is aligned with the employee's personal goals, they will renegotiate their original PC to include new beliefs and obligations. However, if a disruption interferes with personal goals, the employee will enter a stage of PC repair. Then, in order for the employee to be able to construct a new functional PC, the employer will have to temper the negative affect by making promises consistent with the employee's personal goals, and consecutively delivering on them. If the employer cannot mitigate the negative affect, the employee may consider leaving the workplace (Rousseau et al., 2018). Thus, a positive employee perception toward an organizational change helps the organization retain its resources.

In order to comprehend employee perception in regard to organizational change, it is the authors' belief that an understanding of the existing PCs among the employees is important. The current nature of these contracts shapes how employees perceive work with regards to both their work role and their personal ambitions, and may therefore provide an understanding of the antecedents to employee change readiness.

### 2.1.2. Employee Readiness for Change Theory (ERCT)

With an understanding of employee PCs, employee attitudes toward formalization can further be measured in order to answer the research question. To perform such a measurement, the model of Employee Readiness for Change can be used. Defining readiness as a state within the organization, Armenakis et al. (2007a) describe readiness for change as "the extent to which an individual is cognitively and emotionally inclined to accept, embrace, and adopt a particular plan to purposefully alter the status quo." This readiness is composed of the employees' beliefs, attitudes, and intentions regarding a specific change.

Employee change readiness is in turn heavily influenced by the organization's leadership, as demonstrated by Santhidran, Chandran et al. (2013). In particular, empowering leadership has been shown to increase engagement and intrinsic motivation among the employees, which in turn has a positive effect on change readiness (Muafi et al., 2019). As leadership is so tightly interwoven with employee change readiness, it becomes

important to include a top-down perspective of the organization's management when analyzing readiness. Ultimately, this change readiness in turn affects the employees' commitment to change, with a high degree of change readiness leading to stronger commitment (Santhidran et al., 2013).

This theory provides a framework with which to measure and analyze to what extent employees would welcome and support organizational changes, giving the means to measure employee perception through a developed framework. In this model, employee readiness can be measured by the prevalence of five generally accepted factors among the employees: *discrepancy*, *appropriateness*, *efficacy*, *principal support* and *valence* (Armenakis et al., 2007b). The degree to which these factors are present in the employees then provides an indication of how ready the organization is to adopt the changes to the status quo, in this case the desired increase in structure and formalization. The five factors can be described and interpreted as follows.

- **Discrepancy** captures the employees' perceived difference between the current and desired state, providing a benchmark for whether or not the employees believe the organization is where it ought to be, or if changes are necessary in order to get there.
- **Appropriateness** analyzes the extent to which the employees believe that the proposed or expected changes will appropriately address this difference in states.
- **Efficacy** can be defined as the employees' beliefs in their own capability to implement the changes. To foster change readiness, the organization's members need to believe they are capable of implementing them successfully.
- **Principal support** captures the perceived support from the change leaders. This provides a measurement of the belief that management will see the changes through in a supportive manner, providing the resources and attention necessary.
- **Valence** reflects the employees' sense of gaining personal value from the outcome of the changes. In order to fully embrace the change plan, the employees need to feel that they stand to gain from doing so.

A strong presence of these factors would indicate a high change readiness among the employees, and analyzing them provides a way of measuring the employees' perception toward organizational change (Armenakis et al., 2007a). Utilizing this framework would thus provide a measure of to what degree the employees are likely to welcome and embrace structural change, as well as give guidance to what management needs to focus on to foster an increased readiness. It will therefore be of interest to utilize readiness for change theory when determining employee perception of the need for formalization within an organization in the field of high-tech start-ups.

## 2.2. Discussion of Theory

The main aim of the described theoretical framework is to provide insights into the employees' change readiness and the PCs it stems from.

PCT gives guidance in the following:

- *What are the employees' current psychological contracts?* How established these expectations are will partially be determined by the employee's level of professionalism (George, 2009).
- *How would a formalization affect the employees?* If a formalization cannot in some way be aligned with employees' personal goals, they might consider leaving the organization (Rousseau et al., 2018). Also, if the employee currently experiences very high levels of PC fulfilment, meaning their work satisfaction is very high, they may be likely to resist change (Van Dam, 2005).

A positive employee attitude toward an upcoming change will make change easier, and lead to higher levels of PC fulfilment, leading to employee engagement and lower turnover intentions (Van der Smissen et al., 2013 ; Van den Heuvel et al., 2017 ; Rousseau et al., 2018). To evaluate the overall employee attitude, change readiness among employees will be measured according to the five factors of ERCT. A high level of change readiness would indicate that the change is desired, possible and viewed as supported by management among employees, and vice versa (Armenakis et al., 2007b). Ultimately, this framework provides the means necessary for measuring and understanding the employee perception toward formalization at a high-tech start-up.

### 3. Methodology

#### 3.1. A Qualitative Study with an Inductive Approach

The research consists of a qualitative study, using an inductive approach paired with abductive reasoning. By moving iteratively between theory and the case itself, the researchers aimed to produce findings that could make the research topic of start-up formalization and the employee perceptions tied to it less puzzling (Bell, Bryman et al., 2019).

##### 3.1.1. An Interpretive Approach

When conducting interviews, the focus was to take the participants' view to understand their personal perceptions, necessitating an interpretive approach. When satisfactory amounts of data was collected, the aim was then to find patterns in it. The ambition was to find patterns strong enough to allow for some "theoretical generalizations" (Bell, Bryman et al., 2019: 375) of employee perceptions toward formalization in high-tech start-ups.

##### 3.1.2. A Single Case Study

To investigate employee perceptions toward a certain change in any given organization is not uncomplicated. In this study, the focus is on exploring employee perceptions toward an increase in formalization in a growing tech start-up. Because the research intention was to gain a deeper qualitative understanding, the study was preferred to be carried out in the natural setting of a relevant business, motivating a case study (Bell, Bryman et al., 2019). Additionally, since there was a 4-month time constriction, it was decided that a single case study would be conducted.

##### 3.1.3. Case Organization

The ideal research setting came to be a tech start-up undergoing and planning to implement an increase in formalization, providing a rare opportunity to study a case where management was proactively implementing theoretically beneficial structural changes (Granlund & Taipaleenmäki, 2005). The authors initiated a case study on a tech start-up of this kind. Due to ethical considerations, the true name of the company is anonymous, and the company will hereafter be named "Soztor".

At the time of the research, Soztor was a 6-year-old software development company based in Sweden, with its product development team mainly in India and partially in the USA, and a digital product distributed globally. Soztor had undergone a restructuring of its business model approximately half a year before the study began and had since experienced considerable revenue growth. The company had low levels of both

formalization and hierarchy. Its structure consisted of what could be perceived as three functions: Management, Product Development (PD) and Marketing & Sales (M&S). At the start of the research, Soztor consisted of 11 people, with 4 more employees to be brought on during the course of the study.

Upon the authors' first meeting with management, the CEO argued it was time for Soztor to "go from a start-up to a more professional, structured company". Along with this, a desire to implement a higher degree of formalization within the company was expressed. This was largely due to a sense of necessity from the company's future growth plan, with management believing that a larger organization would require more structure to function optimally. This was especially pressing as Soztor aimed to achieve strong growth in the foreseeable future. It was, however, complicated by the CEO's belief that a start-up of Soztor's nature also required a degree of freedom to remain flexible in the face of changing demands in the industry. As a result, a loosely defined decision had been made by the management team to implement a structural reform of the company at an unspecified time in the near future. The CEO specifically pointed out the young M&S team as a target for more professional and structured ways of working.

#### 3.1.4. Study Design

In order to form the empirical basis for the study, the authors first gathered data about Soztor and its industry, both through primary data and publicly available information. This allowed for an understanding of the company's organizational nature and its environment early on in the process. Following this, semi-structured interviews were constructed based on the authors' contextual understanding and partially chosen theoretical framework. These interviews were in turn divided into two sections, with the first intending to capture data regarding the employees' psychological contracts, and the second attempting to measure the existing change readiness based on Armenakis' et al. (2007a) model. The purpose of using semi-structured interviews was to make interview answers comparable, while still allowing respondents room for elaboration and expression so that the specific issue of employee perception could be thoroughly addressed (Bell, Bryman et al., 2019). This was deemed especially important due to the varying roles of the interviewees, as a means to allow for flexibility in answers.

### 3.2. The Interview Process

An internal interview guide was developed prior to the interviews. The first interviews were initially treated as "pilot interviews" to test the efficacy of the interview guide (Bell, Bryman et al., 2019). As the guide was deemed to fulfill its purpose, and only a few changes were made (see appendix B for final version), the pilot interviews were included in the empirical data.



Due to employee availability, interviews were conducted with 12 out of 15 Soztor employees. Interviews were both physical and digital, with the majority (10 out of 12) being digital due to both geographical reasons and COVID-19 circumstances (see appendix A for interview information.) The range of participant experience of the case company was broad. For instance, 2 participants had at the time of the interview been employed for only a few weeks, while 3 had been part of Soztor since its foundation. This broad range contributed to a varied mix of participant experiences and interview answers. Both authors were present during each interview, allowing one author to actively take notes while the other was interviewing. For accuracy purposes, the authors also asked study participants about their consent to have the interview recorded so that the interviews could be transcribed if necessary, which 11 out of 12 participants agreed to.

The interviews were carried out through the months of February and March of 2021, providing a moderate timespan given the length of the study itself. With an abductive process in mind, this allowed sufficient time to iterate between theory and empirics as it emerged. After each interview, the authors briefly discussed and wrote down their reflections. These post-interview reflections allowed for a better understanding of the participants' individual answers, and how their answers and behavior compared to other participants' interviews.

### 3.3. Processing and Analysis of Empirical Data

The analysis of the empirical data was done with a focus on open coding, where the interviews were broken down and examined based on similarities and differences. Initially, the interviews were individually processed and analyzed by the authors to allow for more nuanced interpretations. Based on the emerging information, the coding was subsequently divided into three groups based on the interview subjects' company roles (Management, Product Development and Marketing & Sales). The emerging common themes were then categorized and labeled into first order concepts, which were combined into second order themes based on the theoretical framework. These themes were ultimately merged into aggregate dimensions, as illustrated in section 4.4. (Gioia et al., 2013).

### 3.4. Ethical Considerations and Implications

Since employee perceptions regarding work structure and team structure were examined, the empirical data was sensitive, consisting of participants' personal experiences, feelings and thoughts. Therefore, the ambition was to make the answers anonymous. Participants' names were removed, and their job positions were generalized (Management, Marketing & Sales, Product Development). Any mentions of circumstances such as specific work tasks that could trace back to a specific employee were also removed.

Because the case company held sensitive data as well, it was renamed to “Soztor”, and its industry generalized to the software industry. Any confidential data tied to the company, and any data that was concluded to be irrelevant for the study, was removed.

To ensure that the participants felt comfortable, the authors asked each and every participant for their consent to be interviewed, and to have personal data collected according to GDPR. The participants were also informed that they had the ability to withdraw from the study at any time. Maintaining a professional research objective and secrecy was important throughout the entire process from interview to analysis, and the authors can assure that the interviews were used for intended research purposes only. No sensitive information was passed on to a third party (Bell, Bryman et al., 2019).

### 3.5. Discussion of Method

The aim of this thesis is to fulfill the reliability and validity criteria for qualitative research. According to Kirk & Miller (1986), reliability is the degree to which a finding is independent of research circumstances, while validity concerns the degree to which the finding is interpreted correctly.

#### 3.5.1. Method Reliability

Several measures and considerations were taken to ensure that the reliability was as high as possible.

- Notes were taken during each interview, so that the interview data reflected what had in reality been told. The accuracy in the notes could thereafter be carefully scrutinized, as 11 out of 12 interviews had been recorded.
- The researchers communicated that the participant identities would be concealed, and that the interviews would be used for research purposes only. The researchers also tried their best to keep a friendly tone during all interviews. Altogether, this created an environment for the interviewees to feel comfortable with providing honest answers. Nonetheless, it is still possible that some employees felt uncomfortable with being fully honest, perhaps fearing a risk of repercussions based on their answers.
- 10 out of 12 interviews were digital. Although digital communication was normal in the case company, conducting interviews digitally may have hampered some of the communication between the researchers and interviewees. When the researchers felt that the interviewees had misinterpreted a question, it was made sure that the question was repeated, so that the interviewee was given a chance to reassess the question and their answer.
- Potential biases among the respondents were taken into account during the data analysis. For instance, the effects of superiority bias and ingroup bias affecting

the answers were considered when analyzing the ERCT factors of principal support and efficacy. This potential effect was, however, ultimately disregarded, as the underlying model of change readiness builds on the *beliefs* of the employees, regardless of the potential influence of biases on those beliefs (Armenakis et al., 2007b).

### 3.5.2. Method Validity

Several measures were taken to ensure that the validity was as high as possible.

- After each interview, the authors reflected upon the interview together, which enabled them to create a common understanding of the findings. Although two perspectives may not be enough to create a fully nuanced interpretation of the answers, the interpretation was nevertheless more nuanced than if only one author made sense of the interviews.
- 4 out of 12 interviews were conducted in Swedish and translated to English, which could have affected the comparability between answers. A phrase or expression in Swedish may have a different meaning in English due to both linguistic structures and socio-cultural differences (Bell, Bryman et al., 2019). These factors were considered when translating interviews between languages.
- Since the study participants resided in Sweden, India and USA, it was worth considering whether national culture differences could have distorted the authors' perception of the interview answers. Management was 100 percent Swedish, PD was 75 percent Indian and 25 percent US American, and M&S was 80 percent Swedish and 20 percent Indian. However, the participant answers were deemed to be largely congruent on team-level, indicating that national culture was likely not an influential source of differences in individual answers, although the authors do not completely leave out the possibility of cultural differences affecting the study outcome. Doing a thorough investigation of this influence was, however, outside the scope of this thesis.

## 4. Empirical Material

The study's collected empirical material is presented in this section. An illustrated figure of the empirics is presented at the end for further comprehension. For an overview of the 1st order concepts on which the empirical presentation was based, see appendix C.

Beyond the management team, the employees in Soztor are divided into two separate functions, Marketing & Sales and Product Development, with management agreeing that M&S is in most need of structural change as the company is expected to grow in the foreseeable future. As a result of these differences, as well as M&S being relatively professionally inexperienced compared to the PD team and the two teams being separated both functionally and geographically, they were expected to have significantly different perceptions of work. Therefore, M&S and PD were studied as two separate groups.

### 4.1. A Top-Down View

From management's perspective, in order to reach growth targets, there exists a need to increase work role division and specialization within the company. As of now, this need is strongest within M&S, with the goal to make the marketing processes faster and more responsive. The PD team is described as mature, and its knowledgeable developers as important to maintain. Also, there exists a perceived need for the CEO to delegate more responsibility, in order to stop the company being overly dependent on the CEO. Thus, there exists a perceived discrepancy between where Soztor should be and where Soztor currently is.

*"We expect things to grow in an organic way ... We need more structure, especially when it comes to the onboarding of new employees. Right now it is all informal, and tied to [the CEO] specifically ...I think the current model [with a lot of inexperienced staff] would need more formalization for it to work on a larger scale" - Person 8*

At the same time, there is concern about maintaining the right balance between structure and flexibility, as well as keeping employees happy.

*"We definitely need to find a golden balance. We need to remain in a flexible "start-up mode", but I think we need to get more structured in a lot of ways... [Regarding growth and innovation] the balance is there, but the people are important not to forget. People are important for us to succeed." - Person 12*

Along with this, management maintains high expectations of the employees, expecting them to balance loosely defined work roles, as well as be ambitious and willing to learn and adapt. As a result, management employs a highly relaxed style of leadership.

*"Expectations on the inexperienced people we hire are high. They should be*

*‘hungry and ambitious.’” - Person 8*

*“I try to encourage people to take responsibility, but also to give them a lot of freedom.” - Person 12*

*“I plan, I structure, I make sure things are followed up. ... I don’t look at working hours for measuring performance - that is not interesting. When we set deadlines [within the PD team], we set soft deadlines.” - Person 4*

From a top-down perspective, Soztor thus finds itself in a dynamic situation where structural change is needed to keep up with changing demands. There is concern about finding the optimal balance between structure and flexibility, and a desire to maintain employee satisfaction and motivation.

## 4.2. Current Employee Perceptions of Their Work and the Company

### 4.2.1. Plenty of Room for Independence at Work

Employees within PD describe their current work experience as quite unrestrained. Management does not control the details, deadlines are not seen as a priority and the employees are relatively free to work in their own way. This is experienced as positive amongst the product developers, who are experienced with coding.

*“I seek validation for little details I’m doing. But my boss is just chill and trusting with what I implement. If there are concerns, we have a meeting and clear it out ... working certain hours doesn’t come naturally.” - Person 10*

*“We have a lot of freedom. There are no hard deadlines. We have time to work in our own way.” - Person 5*

*“In my view, [Soztor has] a good culture. Code quality is a higher priority than deadlines.” - Person 7*

Because their work is loosely controlled, the product developers consider themselves as autonomous and accountable for their own work.

The M&S team also describes Soztor positively, with the culture being described as “creative” and “innovative”. However, the lack of strict guidance and a set structure within the M&S team, where most employees are professionally inexperienced, has different outcomes on current employee perception of work. While described as sometimes a pleasant thing, it occasionally brings feelings of confusion. Sometimes, even so that what is communicated within the team is not always followed up.

*“Work has been messy and unstructured sometimes ... it’s quite nice that it is unstructured, I can influence things, but I do get a bit lost sometimes.”* - Person 2

*“I am still trying to understand who makes different sorts of decisions in the organization.”* - Person 11

*“[Regarding business culture] you will prioritize what is in your mind, not what others are saying.”* - Person 3

Clearly, while employees from both teams enjoy the company culture, they experience the work environment differently. While the PD team enjoys the high degree of freedom as it helps them elevate their performance, the M&S team experiences a noticeable degree of uncertainty, as they are not entirely sure of how things should be done.

#### 4.2.2. Expectations from Management - Both Clear and Unclear

When asked what the company expects of them, the answers given by the PD team were straight and clear. Developers are meant to focus on the development tasks, i.e. resolving product-related problems, which is where their knowledge lies. One developer added that management seeks to employ people who genuinely care about Soztor’s product. Basically, that management expects the developers to view their work as something more than just a list of tasks to finish.

*“They want to find people who care about the product and want to add value to it.”* - Person 10

Meanwhile, in the M&S team, the perception of management’s expectations of the employees is not as straightforward. Employees are guided by a softer view of expectations, and working in M&S does not seem to have a specific set of standards.

*“They don’t expect a lot from me besides being clear in my communication regarding how long time my tasks will take to finish.”* - Person 1

*“They expect me to be open-minded, maybe not so strategic, but that I do my work and learn ... the work does not have many rules.”* - Person 2

When there is a lack of clear expectations, there is room for a more subjective interpretation of what management wants. One employee assumes that management expects them to do a “good job”, which consequently is based on their interpretation of what a “good job” is.

*“I assume they want me to deliver on my work ... to finish tasks and to take initiatives ... obviously, doing a good job.”* - Person 9

While both teams experience that management has expectations of them, the perceived expectations are much more congruent and defined in the PD team than in the M&S team, which defined expectations loosely.

#### 4.2.3. Learning as a Common Goal and Expectation

Both teams share the aim and strong willingness to learn their field of work. When asked about their personal job expectations, the employees put strong emphasis on learning since day one. Even the most mature developers mentioned that they are still learning and that they thoroughly enjoy doing so.

However, within the M&S team, there exists a belief that the smaller company size allows the employees to learn and gain relevant experience easier. This is ultimately in line with the M&S employees' personal goals.

*"I want to receive learning opportunities and training... [Working in a start-up] I'm learning a lot of things and I feel great."* - Person 3

*"I always wanted to be in the field of digital marketing...since it's a small company, I get to do quite a lot and gain experience."* - Person 9

Therefore, while both teams share the goal of learning, the difference lies in the M&S team further seeing the small size of the company as advantageous.

### 4.3. Employee Perceptions of a Potential Increase in Company Formalization

#### 4.3.1. A Strong Belief in Management

Within Soztor, there exists a strong belief in the capabilities of management, with all employees stating they feel that management will see any necessary structural changes through.

*"If more structure is needed, I believe [management] will see it through."* - Person 6

*"I believe [the CEO] will definitely make sure the changes happen."* - Person 10

Several employees did, however, express doubts on whether or not more structure was currently necessary and whether or not management actually wants to implement any structural changes, but even among these, there was a firm belief that management would see through any changes they deemed necessary.

*"Change should come from the top. I think [management] will implement the right changes."* - Person 3

*“It depends on what they’re planning, if more structure is the way to go. ... If they think it is the right thing, management will make it happen.” - Person 9*

*“If we grow bigger, then [the CEO] will take the measures to make things run smoothly. They will see the necessary changes through.” - Person 2*

The employees of Soztor unanimously believe that management will support any necessary changes, and are capable enough to successfully see them through.

#### 4.3.2. Confidence in Their Own Capabilities

The majority of the employees display a belief that any knowledge necessary for implementing more structure and formalization exists within the company.

*“It feels like everyone involved right now could handle more structure.” - Person 1*

*“When it comes to the interns, they need some training. Otherwise, we have the knowledge needed.” - Person 3.*

*“I believe the necessary knowledge for more structure can be developed, and that we have the capacity for that.” - Person 6*

Among those who believe that certain knowledge may be lacking, all employees still believe that the necessary knowledge can be easily acquired in the future.

*“I think we need more competence, but that can be hired in.” - Person 11*

*“At the very least, I think [management] knows how to find someone who can bring the necessary knowledge, even if they have to hire someone new.” - Person 10*

When it comes to the question of implementing structural changes, all employees interviewed believe that the necessary knowledge either already exists within Soztor, or could easily be acquired.

#### 4.3.3. A Divided Sense That More Structure is Beneficial

Among the employees, there is a significant discrepancy between the teams on whether structural changes are necessary in the company, with only M&S displaying a desire for immediate change.

*“Structure leads to fewer mistakes. ... Every company needs structure, especially growing ones. ... I absolutely think [more formalization] would help [Soztor] reach its desired growth.” - Person 1*

*“In some ways, a bit more structure wouldn’t do us bad. We could gain time,*



*and become more productive in putting out things. Collecting data could be improved. ... Not everyone is up to date on everything.” - Person 2*

At the same time, PD employees see no urgent need for structural changes, but seem to believe that it will be necessary as the company grows in the future.

*“Coding comes with an inherent structure and way of organizing things. I think this already gives us the right amount of structure for the job. More formalization could get in the way of producing the best product.” Person 10*

*“I believe more formalization would only be necessary in the future. Right now, I think we have the right amount of structure.” - Person 7*

In the interviews, the M&S team displays a desire for immediate structural change. Meanwhile, the PD team feels little need for change in the current state of the company. They believe the inherent structure and organization of the programming profession is sufficient for optimizing their work. Regardless of team, all employees believe that more structure and formalization will be necessary in the future. This would all go well in line with management’s opinion that it is primarily M&S that is in need of urgent change.

#### 4.3.4. Beliefs About the Future - A Balanced Structure is Needed

Regardless of their views on the urgency of structural change, all interviewees believe that the future of the company will require more structure and formalization. There exists a general belief that, as it grows in size, Soztor needs to acquire more structure and formalization to optimize the workflow in the future.

*“It’s a specific thing for start-ups: it works with having low structure when you’re starting out in a small team, but as you grow, you need to have clearer structure and responsibilities.” - Person 11*

*“As [Soztor] grows, they will need more formalization to communicate better and optimize things.” - Person 2*

*“Right now, it is quite good. ... 80% of things are structured, but we can make it 100% if we were to grow in the future.” - Person 3*

At the same time, several employees expressed concern about structuring too much, stressing the importance of maintaining a balance between structure and flexibility.

*“It’s good not to have too strong a frame, as it allows for more freedom ... but I think more structure could be useful for saving time and improving communication and understanding.” - Person 2*

The majority of the employees agree that more structure and formalization will be necessary in the company, although there is also some concern about gaining too much structure and losing the freedom necessary in a tech start-up.

## 4.4. Connecting the Dots

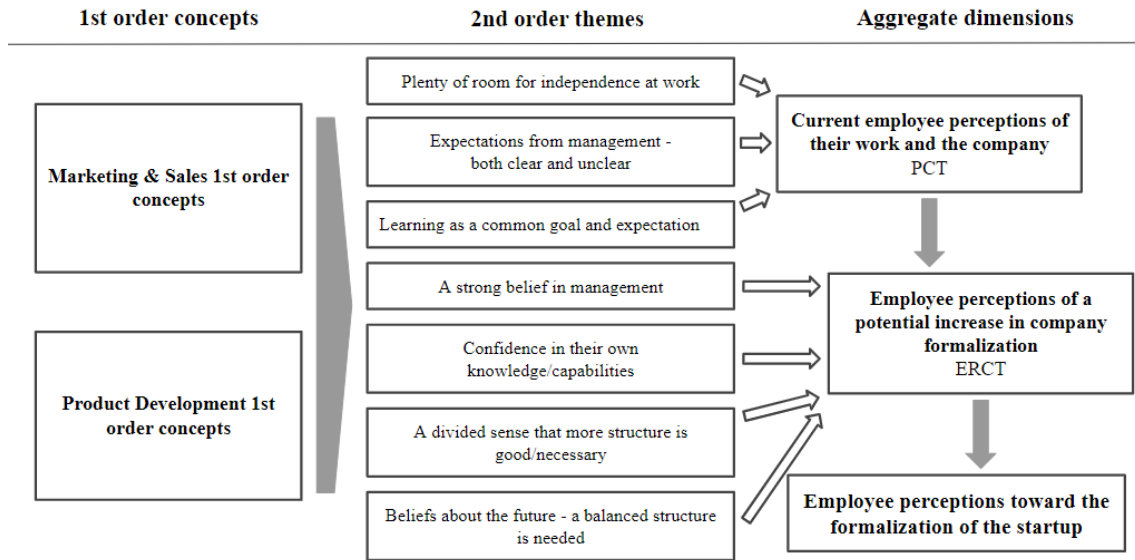


Figure 1. Overview of the Empirical Data

Worth highlighting is that the PD team, which seems quite satisfied with their current work and has clear expectations thereof, seems quite reluctant to an increase of structure as of now. However, it does believe that an increase in structure could be viable when the size of the company is larger. On the other hand, M&S seems to be positive toward an immediate increase in structure, which could be due to a combination of their currently unclear expectations, professional inexperience and the perceived confusion at work.

## 5. Analysis

The following section applies the theoretical framework to the empirical data with the purpose of answering the research question. Divided into organizational functions, the employees' expectations, experience and personal goals are analyzed through the lens of PCT. Building on this, the employee perception of future formalization is then analyzed through the framework of ERCT, where the interviews are interpreted according to the model and compared to the expectations from management.

### 5.1. PCT Analysis

Current employee PCs within the PD and M&S teams are analyzed in this section. They are first compared, and then, attention is drawn to what they imply for employee readiness toward the intended formalization.

#### 5.1.1. Structural Differences Between Team PCs

PD displays the unified perception that management wants them to focus on their development work and genuinely care about the company's end product. Meanwhile, M&S is scattered regarding what management expects of them. They do not portray management as having particular expectations. Since management has stated that they want "hungry, ambitious" employees, it is thus quite clear that their expectations have not been communicated properly. Uncertainty leaves room for M&S employees to form subjective interpretations of managements' expectations (Conway & Briner, 2005). There is a possibility that M&S inconsistency in expectations could be attributed to a current lack of structure within the team. Two M&S employees described the current structure as confusing, and one stated that employees often prioritize what is on their own mind, instead of what has been communicated. Furthermore, since employees within M&S are mostly inexperienced and have yet not been socialized into their professions, it might be hard for them to get a sense of what management could expect if they are not provided explicit expectations (George, 2009). Altogether, PD seems highly comfortable with their work roles, while M&S does not seem fully comfortable.

Another structural difference is the perceived personal benefit derived from a smaller company size. Only the M&S team accentuates the current size of the company as beneficial. The explanation for this difference potentially lies in the nature of the work of the different teams. In a smaller company, a position within the M&S team likely involves a larger variety of tasks. A position within the PD team will mostly focus on coding, regardless of company size. This indicates that M&S employees may associate a smaller company size with increased learning opportunities, and that their current PCs likely include the expectation of working at a less formal workplace.

Regarding commonalities, the strongest factor is the expectation and willingness to learn and gain experience while working at Soztor. Thus, learning can essentially be regarded as Soztor employees' ultimate personal goal at work. Management should attend to this personal goal for continuous PC fulfilment and employee retention, ultimately using it as a tool for both guidance and as a lever, when deciding on any organizational change (Rousseau et al., 2018).

### 5.1.2. Implications for Readiness Toward Formalization

Analyzing the PCs within the teams, there appears to be various factors that can influence Soztor's employee change readiness toward formalization. One of them is that the PD team has clear, congruent expectations, and that they seem to enjoy the company culture and their individual work. This indicates a high level of PC fulfillment. M&S also seems to enjoy the company culture, but their expectations remain unclear, and work is experienced as somewhat confusing. Therefore, the M&S employees' answers do not indicate a high level of PC fulfillment. While the state of PC fulfillment is positive for employee engagement (Van den Heuvel et al. 2017), high work satisfaction may also make employees unwilling to change their current work situation (Van Dam, 2005). This indicates that change readiness in PD would likely be lower than in M&S.

Another factor worth considering is how the employees perceive that an organizational formalization would affect their chances of learning their field of work, as it is one of their strongest expectations and personal goals. Theory suggests that if the organization cannot attend to employees' expectations and personal goals, the employees become dissatisfied, and turnover intentions are likely to increase (Conway & Briner, 2005 ; Rousseau et. al, 2018). Therefore, the employees' readiness toward the formalization will likely be affected by their perception of how the change indicatively will influence their learning possibilities.

Related to this is that the M&S employees further perceive a smaller, informal company as beneficial for learning. This could make M&S less interested in a more formalized company. Still, this is potentially not that problematic for their view of the formalization, as individuals in the early stage of their profession are more willing to adjust their expectations when necessary (George, 2009). This, combined with the M&S team's personal goal of learning, creates the possibility that M&S could perceive the formalization as a learning opportunity in itself.

## 5.2. ERCT Analysis

### 5.2.1. A Belief in The Necessity of Change (Discrepancy and Appropriateness)

Based on the answers gathered, it becomes clear that M&S feels like the current levels of

structure and formalization are not optimal, and that an increase would be necessary to reach the ideal state for Soztor. This can be viewed as the employees displaying a feeling of *discrepancy* as explained by the change readiness model (Armenakis et al., 2007a), where there is a perceived difference between how things are and how they should be. Furthermore, the interviewees in M&S displayed a belief that more formalization would bring them closer to the ideal state, and would be beneficial for the company. This, too, could be seen through the lens of ERCT as a high degree of *appropriateness*, with the employees viewing this type of structural change as removing the perceived discrepancy.

PD, on the other hand, seemingly believes that the current level of structure and formalization is close to optimal for the team, displaying a lack of discrepancy. The employees in this team did, however, agree that structural changes may be necessary in the future as the company grows, and that such changes would then be the right way to go to maintain optimal performance. This would suggest a belief in the appropriateness of structural changes, albeit on the condition that the organization sees future growth. Only then would a sense of discrepancy become apparent.

### 5.2.2. A Belief That Change is Supported (Principal Support and Efficacy)

At the same time, a common theme among all employees is a strong belief in management, with all interviewees stating that they believed management would be both capable and willing to see through any changes they deemed necessary for the company. Another common theme among the respondents was their belief in management choosing the best direction for the company. This correlates with a strong sense of *principal support* as presented in the change readiness model (Armenakis et al., 2007b). Given that the suggested structural changes are implemented in a top-down fashion, with management being the instigators and drivers of the change, this belief in principal support could prove highly valuable in fostering commitment among the employees (Santhidran et al., 2013).

Shared among the interviewees was also a sense that the employees were fully capable of implementing changes to the company's structure should they occur, with all respondents either believing that the company as a whole already possessed the necessary knowledge, or knew where and how to acquire it. This could be viewed as a high level of perceived *efficacy*, another important factor in change readiness (Armenakis et al., 2007b). Taken together, this high degree of principal support and efficacy points to a shared belief that structural change would be supported by the capabilities of both management and the employees.

### 5.2.3. A Belief That Change is Personally Beneficial (Valence)

A common theme among the employees in the M&S team is an expressed belief that increased structure and formalization would be personally beneficial to them. All interviewees in this team stated seeing some personal or professional benefits, with

several noting that they had already voluntarily implemented a similar structure on a personal level. This goes in line with Armenakis' et al. (2007b) change readiness component *valence*, where individuals perceiving personal benefits from change are more likely to favor it.

In the PD team, meanwhile, a mixed belief in personal benefits is seen among the interviewees, with some seeing potential, albeit minor, benefits to their personal lives as a result of structural changes, while none could see any professional benefits thereof. This would point toward a low degree of valence within the PD team, going hand in hand with the low degree of discrepancy.

These varying results point toward two things. First, employees in the M&S team believe the changes would lead to a higher satisfaction with their work situation. Second, the lack of valence within the PD team suggests that the outcome of an increased formalization would be less beneficial than the current status quo. This, in turn, increases resistance to the changes among the PD employees, and decreases overall change readiness, while having the opposite effect within the M&S team (Van Dam, 2005).

#### 5.2.4. Displayed Readiness for Change

It is thus possible to extrapolate two key findings from this analysis. First, the high degree of principal support and efficacy displayed by all employees suggests that everyone believes the company has the capability to change. Second, the stark differences between the teams in primarily discrepancy and valence show that only M&S believe they *should* change. Put together, this could be interpreted as a high degree of change readiness existing within the M&S team and a relatively low degree in the PD team, with the difference being a higher relative job satisfaction within the PD team as a result of the nature of their work, as well as a difference in perceived benefits from the expected changes (Van Dam, 2008). These findings strongly correlate with the expectations and perceived need for change by management.

## 6. Conclusion

### 6.1. General Conclusions

The analysis of employee perceptions toward formalization in the case organization's two teams generated several general conclusions.

The more professionally experienced PD team displayed clear work expectations, had high PC fulfillment, and thus experienced high work satisfaction. This work satisfaction was deemed to be positive for the team's current employee engagement, but possibly problematic for their attitude to any work-related changes, including the suggested formalization. Meanwhile, the less professional M&S team, which also had low levels of structure, was quite uncertain about work expectations, and did not display significant levels of PC fulfillment. As a result of this, as well as their professional inexperience and displayed willingness to learn, this team was deemed to be more likely to willingly adapt to new circumstances. This altogether indicates that there existed a higher chance of the less professional team displaying a high need for change.

Concerning change readiness, it becomes clear that employee perception of structural change is largely in line with management's perceived need thereof. Of particular interest is the fact that only the part of the company for which management felt the strongest need of change actually displayed a significant readiness for such changes. As this perceived need was originally influenced by external necessity, this result points to the existence of a correlation between change readiness among the employees and an existing, top-down need for increased structure and formalization.

Put together, the more professionally mature team, which had clear work expectations and high PC fulfillment, did not experience any particular need for change. On the other hand, the professionally inexperienced team, which had unclear work expectations and only somewhat fulfilled PCs, experienced a need for change. Comparing the results of the PCT analysis and the change readiness analysis, the conclusion becomes that the PCT analysis supports the findings of the ERCT analysis. Furthermore, the case study results strongly correlate with management's expressed beliefs that only one team is in need of structural changes, with the other team being "good as it is."

### 6.2. Answering the Research Question

*"How can employee perception be utilized in recognizing the need for formalization in a high-tech start-up?"*

Based on the results of this case study, it becomes evident that employee perception of expected structural changes largely correlate with management's views on the need for

change. This would suggest that measuring employee attitudes, while paying attention to employees' psychological contracts, could be used as a tool for determining when, where and to what extent structural changes would be most welcomed and least disruptive to the organization. As utilized in this study, an analysis of the factors within Armenakis' et al. (2007b) model of change readiness *efficacy, valence, principal support, appropriateness* and *discrepancy* as displayed by the employees, in conjunction with an analysis of the current psychological contracts measured through factors such as experience, expectations, fulfillment, and personal goals, can be used to measure and understand this employee perception.

## 6.3. Discussion

### 6.3.1. Theoretical Contributions

Firstly, this case study provides a starting point for research concerning utilization of employee perceptions in relation to structural changes in high-tech start-ups. Secondly, it was found that employee perceptions in relation to structural change can have a positive outlook initially, meaning that organizational change does not necessarily have to lead to employee resistance. Thus, there is a rationale for exploring employee perception toward structural change as partly an organizational opportunity, rather than an obstacle in the shape of resistance. Lastly, the case study has confirmed PCT and ERCT to be useful theories for understanding employee perception toward structural change. One notable example is that employee change readiness was shown to correlate with perceptions of management, indicating that change readiness can be readily measured through the application of Armenakis' et al. (2007a) model. PCT was also found to support the findings of ERCT, indicating that PCT can be used to explore the antecedents of employee readiness for change.

### 6.3.2. Managerial Implications

The findings of this study point toward a correlation between employee perception toward formalization and management's perceived need thereof in high-tech start-ups. This would imply that managers and change agents looking to introduce structural changes in this field could utilize employee perception to determine when and where such changes would be the most appropriate and would face the least amount of resistance in the organization. The empirical data also provides an example of how to gauge employee perception in the form of change readiness, which could be utilized by managers wishing to examine this within their company. Furthermore, the empirics also provide a means for clarifying the employees' expectations and perceived responsibilities through analyzing their psychological contracts, providing further insights into their perceptions of change.



### 6.3.3. Further Research

Given the limiting nature of a single case study, it would be of interest to carry out further research within this field in a wider context. Primarily, similar qualitative case studies could be carried out using different companies and industries, as well as quantitative studies involving multiple businesses based on the framework of this thesis. Also of interest would be to repeat the study and include additional factors that could predict change readiness, as well as investigating how different contexts affect the psychological contracts of the employees. Finally, a study utilizing a longitudinal approach could be of particular interest, investigating how employee change readiness develops over time as the structural changes are implemented within an organization. This future research would serve to improve the understanding of the studied topic, as well as increase the credibility and transferability of the results found in this thesis.

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## Appendices

### Appendix A. Conducted Interviews

Person no.	Part of	Interview type	Interview language
1	Marketing & Sales	Digital	Swedish
2	Marketing & Sales	Physical	English
3	Marketing & Sales	Digital	English
4	Management	Digital	Swedish
5	Product Development	Digital	English
6	Product Development	Digital	English
7	Product Development	Digital	English
8	Management	Digital	Swedish
9	Marketing & Sales	Digital	English
10	Product Development	Digital	English
11	Marketing & Sales	Digital	Swedish
12	Management	Physical	English
Interview length		30-70 minutes	

## Appendix B. Interview Guide

### **Ethical Considerations - Information and questions for the interviewee**

- Participation in this study is strictly voluntary, and the interview can be aborted at any moment and without further explanation.
- You are anonymous in this study, and your personal data will be neither passed on nor saved.
- Do we have your permission to record and transcribe this interview?
- Do you have any questions for us before we begin?

### **Background and Basic Information**

- *Name:*
- *Age:*
- *Position:*
- *Time at Company:*

### **Psychological Contract Theory**

- On your first day at Soztor, what were your expectations of working as a \_\_\_\_ at Soztor? *Why?*
- Did your expectations change later on, or did they become validated?
- What is the Soztor business culture like?
- What do you expect of Soztor to give you, as an employee? In your day-to-day work and longer perspective. *Why?*
- What do you think Soztor expects of you, as an employee? In your day-to-day work and longer perspective. *Why?*
- If not mentioned: Do you think it is expected of you to structurize things, and actively make things more systematic? *Why?*

### **Change Readiness Theory**

- Do you think there is a need for more structure and formalization within Soztor? *Why/Why not?*
- Do you believe more formalization would help Soztor reach its desired growth?
- Do you feel that you have the necessary knowledge to successfully implement the changes?
- Do you think Management will see these changes through?
- Do you think more formalization is a good thing for you personally?

**Implicit Behavior**

- Do people tend to structure themselves in ways that aren't mandatory?

**Finish**

- Is there anything you would like to add that hasn't been brought up during the interview?
- Is there anything you would like to edit?
- Do you have any questions for us?

**Post-Interview**

- Write down your feelings and thoughts and discuss!

## Appendix C. Table of 1st Order Concepts

<b>Product Development</b>
Little team focus on deadlines
Employees do not experience micromanaging from management
Clear and simple expectations from management
A belief that management considers developers' product interest to be important
A strong employee focus on learning
An autonomous style of work
Increased structure is not seen as personally beneficial
Increased structure could bring non-job specific benefits
Strong belief in management's capabilities
Belief that the necessary knowledge exists
Belief that the necessary knowledge can be acquired
Structure is only necessary in the future
The structure is good the way it is for product development
Belief that product development needs more structure in the future
<b>Marketing &amp; Sales</b>
Some trouble navigating structure at work
Expectations from management are not very defined



Decision-making within the team is perceived as unstructured
Culture is perceived positively
A strong employee focus on learning
A strong employee focus on gaining experience
More structure would bring personal benefits
Belief in the management team's capabilities
Uncertainty about whether management wants to introduce more changes
Belief that necessary knowledge exists in the company
Belief that any missing knowledge can be acquired
Belief that more structure is needed
Belief that a balance in structure needs to be found
Belief that more structure is good for the company as it grows