

TALLINN UNIVERSITY OF TECHNOLOGY

School of Business and Governance

Department of Business Administration

Gift Ezeoke

**RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE  
AND EMPLOYEE PERFORMANCE: A CASE OF FOREIGN  
EMPLOYEES IN ESTONIAN START-UPS**

Master's thesis

International Business Administration

Supervisor: Virve Siirde, MSc

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading. The document length is 14790 words from the introduction to the end of conclusion.

Gift Ezeoke.....

(signature, date)

Student code: 184464TVTM

Student e-mail address: giftezeoke@gmail.com

Supervisor: Virve Siirde, MSc:

The paper conforms to requirements in force

.....

(signature, date)

Chairman of the Defence Committee:

Permitted to the defence

.....

(name, signature, date)

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## **ABSTRACT**

With an increasing knowledge of technology and digitalization in business management, comes a need to efficiently manage the “wheels” to the future of the business. One effective way managers have found to carry out this herculean task is creating a culture, a way of doing things. Organizational culture plays an important role in every organization as it is mostly the drive for the actions and inaction of members of the organization. Therefore, it is important that members of an organization understand and can relate to the organization culture for better job performance. Therefore, the aim of this thesis is to empirically test the relationship between organizational culture and the performance of foreign employees in Estonia start-ups by gathering data from employees’ working in the start-ups through a quantitative survey approach in order to provide managers and persons in the position of implementing organizational culture the opinions of their employees to evaluate their organization’s culture and improve in any area of weaknesses. In order to achieve the aim, the author posed three (3) research questions, which are: 1. What are foreign employee’s opinions about their organizational culture? 2. How does the culture impact their performance? 3. What are the cultural elements they find most relevant to their productivity?

The author employed a quantitative approach to the research, using questionnaire to obtain respondents perception about their places of work. The questionnaire was sent out digitally to social media platforms that where foreigners living in Estonia can be found.

The result of the survey suggests that Estonian start-ups have strong culture that are very inclusive and suitable for foreign workers. However, some key areas of improvement according to the responses include; good reward system, recognition and equal opportunity.

Keyword: Organizational culture, Employee performance, Start-up, Foreign employees,

## INTRODUCTION

Due to the rapid spread of globalization which brought massive industrialization and an international economy, migration became an opportunity for states and organizations to combat labor and skill shortages. As people migrate to different parts of the world in search of opportunities, they migrate with their attitudes, beliefs and culture. Now, one country that has greatly benefited from globalization and migration is Estonia. According to news of Estonia, the population of foreigners living and working in Estonia has increased (workinestonia, 2019). There has been a surge in the number of professionals migrating to Estonia for work. Since people are an embodiment of their beliefs, attitudes and culture, within the business administrative sciences, there is now a sizeable intensification of efforts to empirically test the impact of organizational culture on employee performance. According to Denison (1990), organizational culture consists of standards, philosophies, policies and principles that are management control mechanisms to reinforce expected work behaviours among workers in corporate organizations. This organizational culture has a correlation with the performance of employees. The effectiveness or efficiency of an organization depends on their organizational culture. Organizations with a participatory culture outsmart most organizations with other types of cultures.

Now, although it is the case that within the business administrative sciences there is a significant level of interest such as that of Mohammad, Luva and Hossian (2013) and Lydia Wambugu (2014) among others, in empirically testing the relationship of organizational culture with employee performance.. However, there is a gap within these efforts that has often neglected to empirically test the relationship of organizational culture on the performance of foreign employees in start-up organizations. Now, in a recently concluded study, Estonia emerged as one of the most thriving places for young ventures (e-estonia, 2018). With Estonia being one of the thriving places for young ventures, it has become the birthplace of many intellectual ideas and international start-ups like Skype, Bolt, TransferWise and Pipedrive to name a few. Although Estonia continues to thrive in new business start-ups, it suffers a problem of shortage of workforce due to its population of less than two million people. In order to mitigate against these shortages, Estonian employees seek professionals from around the world to augment for the shortage in workforce. According to Work Estonia (2019), “the number of internationals working in Estonia has more than doubled over the past years”. Estonia has greatly benefited from globalization and migration.

Despite the several studies and wealth of research done by various scholars on the subject matter of organizational culture and its relationship with employees' performance, there has been little or no focus on the identification of a universal or multi-dimensional organizational culture that can be adopted to effectively enhance job performance of individuals coming from different socio-cultural backgrounds and countries. Also, there is very little knowledge of the pivotal role that organizational culture plays in influencing foreign employees' behavioural pattern towards better performance, most especially within start-ups. These dilemmas constitute the research problems which the author aim to address by carrying out the study.

Therefore, since the business administrative sciences has not sufficiently been able to empirically test the relationship between organizational culture and the performance of foreign employees in start-up organizations, this thesis aims to bridge that gap in knowledge, by using Estonia which is one of the world's most thriving places for start-ups in the world, this thesis contributes to existing literatures on organizational culture and employee performance while adding something new with regards to knowledge of the correlation between organizational culture and the performance of foreign employees. Therefore, the aim of this thesis is to empirically test the relationship between organizational culture and the performance of foreign employees in start-ups in Estonia. The significance of this thesis aside from contributing to existing literatures on organizational culture and employee performance, is that it offers a new insight towards understanding that organizational culture should not be assessed solely based on the performance of employees but that consideration has to be made on foreign employees as well as start-ups. Also, this thesis shows that for foreign employees in Estonian start-ups, a positive organizational culture means a positive performance while a negative organizational culture means a negative performance. These have an overall impact on the productivity of the start-ups in general. Therefore, the significance of this thesis cannot be overemphasized in a rapidly globalizing world of business with constant migration of professionals.

Therefore, in order to fulfill the thesis aim, the author posed the following research questions:

1. What are foreign employees' opinions about their organizational culture?
2. How does organizational culture impact foreign employees' performance?
3. What are the cultural elements foreign employees find most relevant to their productivity?

The author uses a descriptive quantitative research method with data collected from administered questionnaires. A method of descriptive analysis and non-parametric one-way Anova and Pearson's rho correlation is used to analyse raw collected data from the answered questionnaires.

Since there are so many variables within the concepts of organizational culture and employee performance, culture is taken as an independent variable while performance is taken as a dependent variable. Also, a sufficient number of populations, target organizations and individuals are parameters taken into consideration. Now, this method cannot be dissociated from the theoretical basis of this thesis which was relevant to this method. Denison's cultural scales and Wiedower's employee job performance parameters formed the basis of the questions contained in the questionnaire.

This thesis is divided into four chapters. In the first chapter is the literature review, the author provides an overview of organization culture, performance and the relationship between these two variables as well as pioneer models of organizational culture, an overview Estonian start-ups and organizational culture is also discussed. In the second chapter; the methodology, the author relays the description of the sample, method of the quantitative research, data analysis and procedures. In the third chapter, the author shows the results of the quantitative survey method used. The author employed extensively the use of Denison organizational culture survey, using the four traits of, Involvement adaptability, consistency and Mission to measure the strength of the organization's culture. The last chapter primarily highlights the summary of findings, conclusion, contribution to knowledge, recommendations as well as suggestions for further studies. The author juxtaposes the theoretical framework and the result of the empirical research.

# **1 LITERATURE REVIEW**

In this chapter, the author reviews related literature on organizational culture and performance of foreign employees. The author conceptualises organizational culture, employee performance, the relationship between the two concepts, as well as the models of organizational culture. The author also provides an overview to start-ups, start-ups in Estonia and the organizational culture of start-ups.

## **1.1. The Concept of Culture and Organizational Culture**

The term culture was coined from the German word “kultur” in the late 18th century to indicate achievements in civilisation (Tseng, 2010). Culture is a complex system that comprises of elements such as belief, art, morals and attributes of humans in the society (Tylor 1871; Tseng 2001). Tylor’s identification of the complexity and holistic nature of culture is plausible due to the inclusion of various elements that are found in diverse ways in diverse human society under the pillar of culture. This definition offered insight to many scholars in social/management sciences and subsequently resulted in various debates and definitions (Denison et al., 2004; Ezirim et al., 2012; Hofstede, 1980; Schein, 2004). Organizational learning culture is an important and crucial area and this is seen as the acquisition of knowledge, skills, experiences, attitudes and dynamic capabilities (Rhodes, 1998). Within the scope of this definition, organization in this context became synonymous with work society. Under organizational learning culture, Law was also incorporated suggesting why most organizational cultures are communicated through organizational policy or human resource policy to all members/stakeholders (Stone et al., 2007). Also, Beliefs, art, morals and customs are emphasised suggesting why there are work ethics and ethical codes of conduct in organizations (Nelson & Quick, 2006).

Sociological perspectives referred to culture as a set of beliefs, customs, norms, values and others symbolic factors required to shape human behaviour as well as artefacts that emerge via human behaviour (Andy, 2011). These perspectives pinpoint shortcomings in Tylor’s earlier definition of culture. In this new context, culture is expected to shape the attitudes and behaviours of members of a particular community or society. It varies from one society to another, making it difficult to identify a uniform or universal culture and tradition (Yusoff & Gabrys, 2011). The sociological perspective of culture was incorporated in the business world, which led to the

introduction of the concept of organizational culture, by referring to community or society in this context; as a work community or work society (Çakar & Ertürk, 2010)).

Hofstede (2011) opined that culture is the cumulative arrangement of man's mind that separate the member of a human class from another, hence according to him this inculcates a set of collective values held. Hofstede's classification of culture is well known based on its relevance to national culture, as well as its unique contribution to effective cross-culture management. This perspective is applicable to the social or national environment (Barbara & Stephen, 2010). What occurs in social environments also has bearing on business organizations. The business organization has the ability to transform inputs from the social environment to meet its corporate objectives (vom Brocke & Sinnl, 2011). This study therefore suggests that measuring organizational culture with the same cultural dimensions used to assess the culture of a society or nation without any transformation or modifications to suit the objectives of business organizations has limitations. This is due to the fact that a nation and business organizations' objectives are different, and cultures are directed at shaping members' attitudes and behaviour towards the realisation of certain objectives. For instance, the overall objective of a nation might be to protect the interests of her citizens in terms of lives and property.

On the other hand, the overall objective of a business organization might be to maximise profit through effective utilisation of human resources. Denison, (1990) observed that organizational culture consists of standards, philosophies, policies and principles that are management control mechanisms to reinforce expected work behaviours among workers in corporate organizations. His investigation of the relationship between organizational culture and firm effectiveness / efficiency, found that organizations with a participatory culture outsmart most organizations with other types of cultures. Schein (2004) defined organizational culture as a group of elementary expectations created, learned or established by a group of people in order to overcome the challenges of the external environment and internal assimilation. This suggests that organizational values, norms, beliefs and principles are taught to newly employed members of staff in order to guide and shape employees' attitude and work behaviour. In the same vein, Schmidt (2002) maintained that organizational culture is the standards, rules and conduct that shape the corporate identity, as well as its work environment. Schmidt (2002) identified sets of cultural traits, such as entrepreneurial spirit, innovation, creativity, the value of teamwork, performance accountability and reward philosophy, the degree of customer commitment, the decision-making process, power relationships and management style.

Organizational culture is a trend of beliefs, values as well as the method of handling experiences, imbibed from the start to members of an organization (Brown, 1998). This is in line with Jaques' definition of corporate culture in 1951. However, it only considers the influence of this shared value system on employees' attitude and behaviour and fails to consider the effect of improved employee attitudes to work and their work behaviours on organizational effectiveness. (Thornhill et al., 2000) notes that culture can be used to achieve a competitive edge and enhance a firm's effectiveness. They affirm that a change in culture can also be useful in creating a more effective organization.

Similarly, Dabowski (2006) held that firms with strong cultural dimensions achieved a uniform value system as an operating mechanism, while firms with weak cultural dimensions are often confronted by a wide range of subcultures that unconsciously undermine the general value system (Debowski, 2006). This suggests the importance of strategic alignment of subcultures with the overall cultural dimensions of the organization. Hofstede (1980) observed that organizational culture varies from one organization to another, depending on its work practices. This illustrates the dynamic nature of organizational culture and also suggests that, the type of cultural dimension adopted by management will have a significant effect on the functioning of the organization and performance. Variations in cultural dimensions across various organizations, businesses and countries, render it practically impossible to achieve a uniform or universal, generally acceptable culture.

Nonetheless, (Yusoff & Gabrys, 2011) notes that despite differences in terms of definition and measurement, culture is a significant issue that determines the way in which an employee fits into an organizational setting. Ezirim et al. (2010) described organizational culture as the mentality, practise, ideas, and models of an organization. It consists of ideals and corrective mechanisms that form the behaviour of each and every individual employee and their teams in an organization, as well as other stakeholders. Ezirim et al.'s (2010) conceptualization of organizational culture does not encompass differences of individuals. Rather, their definition emphasizes business culture as the mentality, models, ideas and values that guide and cultivate organizational members' attitudes and their behaviours. Therefore, in the context of this work, organizational culture is defined as the shared norms, beliefs, and principles that shape employees' attitudes and behaviour in order to accomplish organizational goals and objectives (organizational Performance).

## **1.2. Models of organizational culture**

In a bid to understand the concept of organizational culture, the author reviewed different models of organizational culture propounded by scholars in the field. The models presented here include: Schein's organizational culture, Handy's four types of organizational culture, Hofstede's cultural dimensions and Denison's organizational culture model, whose survey was used in this work due to its concentration on improving employees performance and invariably organizational performance. In general, all of the models discussed here are unique, popularly accepted and help to build the understanding of the subject matter

### **Edgar Schein's organizational culture**

Edgar Schein's view on organizational culture and leadership attempts to provide definitional rigor and clarity to the concept of culture so that researchers and practitioners understand how culture influences institutional performance. According to the behaviourist, Edgar Schein, Culture is as a result of our interaction with each other which in turn shapes our behaviour towards each other (Schein, 2004). Therefore, what we eventually call organizational culture are a set of behaviour which a founder or leader imposes on a group or organization. Culture and leadership are therefore dependent and impactful on each other. Schein opined that culture is a trend of assumptions shared and imbibed by a group and this culture is employed to proffer solutions towards adapting to external environment and the group internally. The culture must have worked effectively enough in the past to be taken as reliable and passed down to new members as a guide in carrying out their activities in respect to the identified problems (Schein 2004). Schein went further to categorize organizational culture into three (3) levels. These three (3) levels are artefacts, which is the outward appearance of the organization such as vision, values, mission statements etc. These are things that people outside of the organization see and identify with the organization.

Espoused beliefs and values can be described as the way in which members of the organization have been taught to speak or behave among themselves and outside when faced with issues regarding the organization. Cotter-Lockard (2016) argued that espoused beliefs are the aftermath of group learning which prompts the testing of values and beliefs through the process of using them for problem solving and execution of group duties. It is the way an organization describes its strategies, objectives and values and how they project them. The last level is called the basic underlying assumptions. These are the grounded roots or the centre on which culture is built. They are difficult to conceptualise, are imperceptible and are mostly really grasped by people

who have become familiar with the way the organization functions. Also, they are concerned with the mechanisms of the world's functioning in accordance with the totality of stakeholders of the organization and these arise from experiences and views. Shein (2004) argued that failure to understand the pattern of basic assumptions will make it harder to make sense of the more visible manifestations of culture—for example, how to interpret the artefacts correctly or how much credence to give the espoused values (Taylor, 2014).

Shein's levels of organizational culture gives light to the complexity of an organization's culture. It also points to the fact that no two organizations are the same, each organization is unique in culture.

### **Handy's four types of organizational culture**

Handy (1985) identified four different organizational cultures, namely, a power culture, role culture, task culture and people culture. In the power culture (the web), power resides at the centre of the organization. The role culture (Greek temple) assumes that power resides between the centre and the functional areas of the organization. The task culture (lattice) is characterised by and dependent on the demands of a project. On the other hand, the people culture (cluster) is where individuals cluster within the organization in a substantially autonomous way and power is shared and based on professionalism. Figure 1.1 provides a pictorial illustration of Handy's cultural dimensions.

Handy's typology of corporate culture follows the traditional or bureaucratic structure of an organization common to government agencies or establishments. The major shortcoming of this type of organizational culture is that, decision making is delayed because power resides at the centre of the organization. This does not provide much space for delegation. Rules and procedures are strictly adhered to with little or no autonomy on the part of subordinates (Nelson & Quick, 2006). It does not recognise the contingency or situational managerial approach; this suggests why most organizations that adopt this type of organizational culture do not compete effectively with their competitors that adopt more flexible cultural typologies (Nelson & Quick, 2006). Since power resides at the centre and in functional areas of the organization, members and other stakeholders are not involved in formulating policies; this could negatively impact the implementation of such policies.

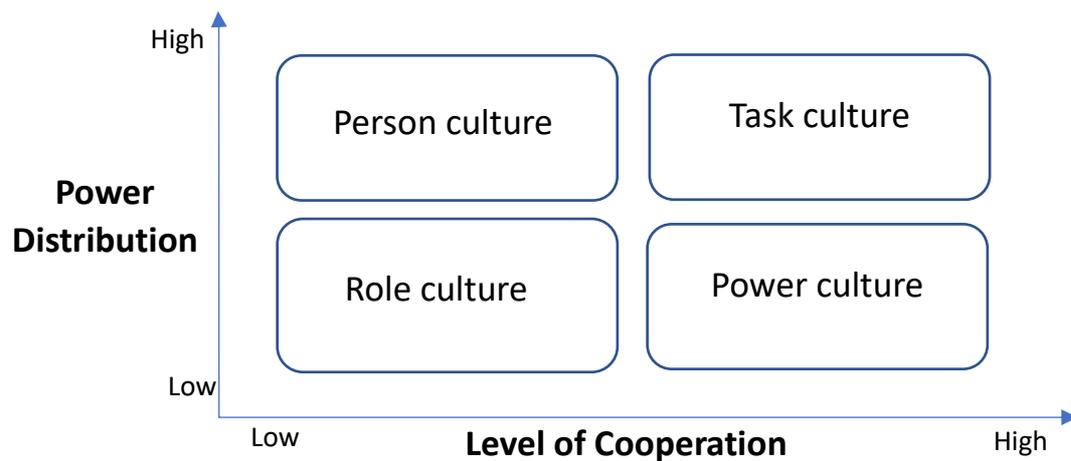


Figure 1. Handy's Organizational culture Model

### Hofstede's cultural dimensions

Hofstede (1984) examined work related values at IBM to assess national culture, using a large sample of employees from more than fifty (50) country locations in three global regions. Four types of interwoven job-related cultural transformation were identified by Hofstede (1984). They are power distance, uncertainty avoidance, individualism or collectivism, as well as masculinity or femininity. Long-term vs short-term orientation was proposed in 1991 as the fifth element (The Hofstede Centre, 2014). The fifth element was applicable in twenty-two countries. Furthermore, indulgence vs restraint was proposed in 2010 as the sixth element in the cultural dimension using the World Values Survey data collected by Micheal Minkov in 2010 (The Hofstede Centre, 2014). The sixth element was applied in ninety-three countries (The Hofstede Centre, 2014). Power distance focused on employees' acceptance of authority at every functional structure of the organization. Organizations characterised by a high level of power distance tend to be autocratic and make decisions unilaterally. Members of such organizations are expected to comply with such decisions. On the other hand, in organizations characterised by a low level of power distance members are involved in decision making process which enhances their level of commitment and satisfaction (Çakar & Ertürk, 2010).

Uncertainty avoidance refers to the extent to which members of a particular organization try as much as possible to avoid doubt in terms of its objectives, rules and regulations. Individualism / collectivism relate to whether employees are comfortable to be referred to as individuals or as a team/group. In individualism employees are comfortable with being referred to as a unique individual or expert, whereas, under collectivism, members are happy to be referred to as united

group. Masculinity/femininity examines the type of culture employees are content with. A masculine culture is very assertive and tends to be results oriented and insensitive to others' aspirations, while a feminine culture is less assertive and is more emotionally oriented, focuses on interactions among members and values individual requests (Cakar & Erturk, 2010).

### **Denison's organizational culture model**

The Denison organizational culture model is a presentation of an organization's culture, its management practices, its performance and effectiveness. Denison's model is a result of two decades research which focuses on the link between organizational culture and the most relatable performance measures such as: profitability, growth, quality, innovation, customer and employee satisfaction (Denison consulting, 2009). It assesses culture in business organizations using four distinctive dimensions; mission, consistency, involvement and adaptability (Kotrba et al., 2012) and the result shows that culture impacts on business performances in four (4) notable ways: "creating an organization's sense of mission and direction, building a high level of adaptability and flexibility, nurturing the involvement and engagement of their people and providing a consistency that is strongly rooted in a set of core values" (Denison et al., 2012).

Involvement trait: This refers to the part an organization's culture that allows individual employees in the organization to own their job, take responsibility and build capacity for greater result. According to Robins (2001) job involvement is an identification level for a job from a person's psychological viewpoint. When an employee perceives his workplace as a place to contribute meaningfully and be heard, it generally invokes a sense of job satisfaction. The effect of the involvement trait is summarized in Denison (1999) quote "The more responsibility and authority you can give an employee, the better the return on your investment."

The indices of the involvement trait are viz: empowerment, team orientation and capability development. Empowered employees have the authority, initiative and ability to manage their own work, team orientation means that value is placed on corporation and team effort and the employees understand that they need to work towards a common goal while capability development bothers on employees skill development plans and programs.

Consistency Trait: refers to the effective coordination and organization of a company. It is the understanding and acceptance of the core values that ensure effectiveness and efficiency of the organization. Members of the organization have a predictive way of reacting to situations. Saffold (1988) agrees that organizations that are effective are mostly driven by strong culture that are highly consistent, coordinated and integrated.

The indices that cover the consistency traits are viz: coordination and integration, agreement, and core values. These measure whether different functions and units of the organization are able to work together to achieve common goals, decision making is easy because everyone is in sync with how the system work and is members of the organization share the same values, sense of identity and expectation.

The adaptability trait is an organization awareness and reaction to external changes or threats of the environment which comprises technological changes and updates, heightened competition and changing customer needs (Gittleson 2012; Mitchell et al. 2014). It is how they can translate the demands of the business environment into action (Denison & Neal, 1999). Organization comprises a network of norms and belief that reinforces the organization's ability to get and translate signs from the external environment in which it operates into internal operational changes which enhances its survival potential as well as its growth and development (Denison & Neal, 1999). Denison highlights 3 aspects of adaptability that ensures an organization's effectiveness: ability to perceive and respond to the external environment, ability to respond to internal customers, regardless of level, department or function and capacity to restructure and institutionalize a set of behaviours and processes allow the organization to adapt. Thriving organizations attention to their customers and competitor. The indices used to measure adaptability are viz: creating change, customer focus and organizational learning.

Mission Trait: This traits centres around the understanding of the vision, goals, objectives, strategic direction and intent of the organization. Employees who can articulate what the business is trying to achieve and are involve in the decision making would usually be able to contribute better towards realising the big picture. Strategy is just a plan if people are not aligned, the people who would deliver the promise on the mission must first internalise and identify with the mission before it can be successful else "culture would eat strategy for breakfast" (Coffman and Sorensen 2013).

The first two traits of involvement and consistency focuses on the internal effect of organizational culture while the last two traits of adaptability and mission addresses the external effect of organizational culture. In general, the model would help business in identifying their strength and weakness and the impact their culture has on performance.

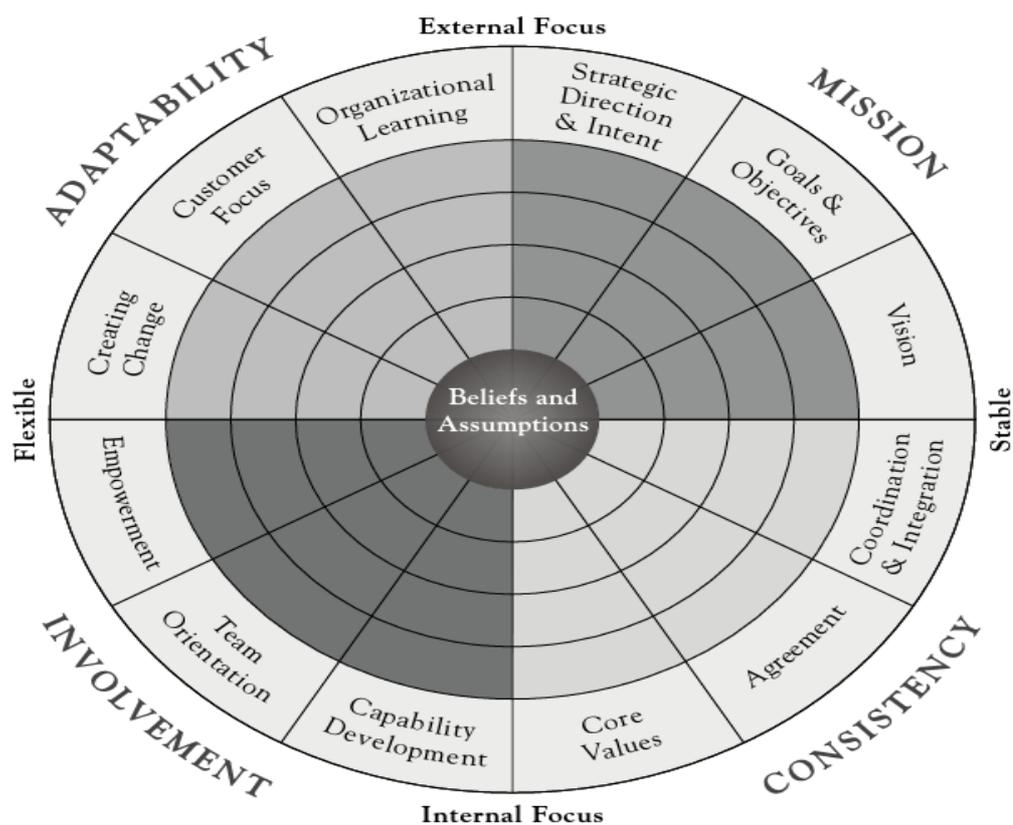


Figure 2. Denison's Organizational Culture Model

Source: Denison (Denison et al., 2012).

### 1.3. The concept of employee performance

The concept of performance is multi-dimensional, on an elementary level, one can separate the process aspect (behavioural engagement) of culture from the expected outcome (Borman, & Motowidlo, 1993; Campbell et al., 1993; Roe, 1999). The behaviour in this statement refers to the action people take to accomplish a given task while the outcome implies the consequences of individual job behaviour (Campbell, 1990). Aguinis (2009) argues that "the definition of performance does not include the results of an employee's behaviour, but only the behaviours themselves. Performance is about behaviour or what employees do, not about what employees produce or the outcomes of their work".

Employee performance is seen as the comprehensive or total output of an employee's actions and activities in an organization (Robbins & Coulter, 2003). They further explained that performance of employees in an organization is usually measured by qualities like efficiency, effectiveness, quality, creativity, innovation, satisfaction, commitments, flexibility, cohesiveness,

communication designs, customer relations and employee energies towards the organizational goals. Here, employee performance is checked with the simplicity of the value the employee adds to the organization. Many HRs and managers try to ascertain that these qualities are present in the employees they recruit.

Organizations around the world desires that employees perform to their optimum capacity. Chegini (2010) agrees that "if an employee performs in accordance to the expected standards, subsequently, the performance of the organization will be enriched and improved as well". Considering the importance of employee's performance, management has to carry out an in-depth analysis of their employees and find out the contributing elements that will upsurge high employee performance. The process of employees' job performance management involves the situation whereby an organization establishes a work ambience that empowers employees to utilize their abilities and capacity to the fullest at work. This process often varies from one organization to the other. Not minding the inconsistencies and differences between organizations, the process of performance management is the totally of forms of goal setting, evaluation of performance as well as the reward system (Jackson, 2012).

#### **1.4. Relationship between organizational culture and employee performance**

Over the years there has been an attempt to associate organizational culture to different organizational behaviour. Relationship has been connoted to exist between organizational culture and employees' job performance, process of decision making and productivity (Sheridan, 1992; Gamble & Gibson, 1999; Kopelman et al., 1990). Organizational culture has been existent in organization before the development of its theories which made people more aware about it (Luthan, 1998). All of their findings pinpoint to the fact that a strong organizational culture and environment is crucial for the best employee performance.

According to Siew, Yu (2004), a strong organizational culture functions as a useful instrument to boost innovative ideas, impact employee's behaviours as well as increases performance. Integration of individual's values and organizational practices influence the level of individual and organizational performance. Organizations need to focus on their culture in order to motivate and drive their employees perform to their very best. "Most employees perceive that an organizational culture brings a continuous learning, discussion with employees and has a well-

integrated structure with good leadership and the more committed they will be to the organizational goals" (Joo, Lim, 2009, Joo, Shim, 2010).

According to Weerathna (2014), organizational culture impacts on the behaviour of employees which in turn affects their execution of task and relationship with people inside and outside the organization. Also, Ritchie (2000) emphasizes that a supportive culture is a motivation for employees to carry out their jobs effectively, resulting in overall productivity for the organization. Sadri & Lees (2001) regard organizational culture from two perspectives, namely positive and negative. In a positive organizational culture, it is assumed that culture shapes employees' attitudes to work and sets standards for expected work behaviour, leading to sustainable competitive advantage. On the other hand, a negative organizational culture focuses on the rigid culture of the organization without adequate consciousness of changes in the external business environment, negatively affecting organizational performance. This is reflected in rigid internal bureaucratic cultural values. A change in customers' tastes/demand or the strategies employed by the organization's strong competitors may negatively affect organizational performance. While it is very important to have internal control mechanisms to stimulate employees' attitudes to work and encourage outstanding work behaviour, these mechanisms should be sufficiently flexible enough to accommodate variations in the external business environment.

Van der Post, de Coning, and Smith (1998) used the dimensions of the organizational culture survey (OCS) dimensions to investigate the relationship between organizational culture and business effectiveness in South Africa. His findings revealed that organizational culture has a positive relationship with the economic success of the firms examined. The missing link in their study is the extent to which two or three managers' perceptions or opinions can be used to generalize the type of culture adopted by the organization and its economic performance, since managers are likely to want to present a good image of their organizations to the public and researchers. Therefore, there is a need to devise a means to objectively measure or investigate the relationship between organizational culture and performance of foreign employees in the 21st century global economy. Hence, this study explores the relationship between organizational culture and performance of foreign employees in Estonia.

## **1.5. The concept of Start-up and its presence in Estonia**

The term “Start-up” has gained popularity since 1990 and has been used to describe young businesses, modern apps, and technology companies. A start-up connotes a company recently set up, created by one entrepreneur or a combination of entrepreneurs with the aim of creating and introducing to the target market, a special and innovative product or service (Fontinelle, 2020). A lot of start-ups started with initial funding from founders, sponsors and family. The initial stage is the most important phase of any start-up as this stage determines the survival chances of a start-up, Nine (9) out of every ten (10) fail at the initial (Patel, 2015).

The lifecycle of a start-up business involves three main stages, which are bootstrapping stage, seed stage, and creation stage. Bootstrapping stage involves the initial point when an entrepreneur implements and convert his/ her ideas into profitable venture. At this stage, the person due to the risk and uncertainty prevalent at that stage of the business, continues to modify the business idea while resorting to the use of his/her funds as well as soliciting family and friends to invest in the venture. The seed stage connotes the stage whereby there is more synergy, a model is being established, costing of the business, soliciting for business support systems such as accelerators and average investments to grow the start-up. The creation stage, which is the last stage of the start-ups, materializes after the company makes an entry into the market and begin to sell its products. This is the stage where it hires its first staff and at the end of the stage, organization is established (Aiden & Hiroko, 2015).

Start-ups in Estonia has been defined by the Alien Act as business entities kick-starting operations with the sole objective of creating innovative model that can be used continuously, which also have the ability to grow internationally as well as contribute to the development of the business environment of Estonia (Nergi, 2018). Sopjan (2019) viewed start-ups as new organizations set up with the sole aim of establishing probable business models that will address society’s need by devising exemplary sequence based on proffering innovative solutions leading to continuous improvement. Lee and Kim (2019) opined that start-ups are project-oriented organizations involved and operating in different line of businesses of managing business model for profit making by merging innovation or state of the art technologies to manage uncertain environments. Start-up are important to the economy in the sense that they create opportunities for entrepreneurs and creates job for people in the society. They are crucial to the creation of jobs and productivity growth (Decker et al, 2013). Start-ups are best suited for developing countries whose major aim is to bring the rate of poverty and build long lasting wealth by preferring solutions to industry-wide problems through innovation (Sopjan, 2019). In Estonian, there are 650 start-ups out of

which 18% of them were founded by foreigners, 15% by women. Start-ups in the country have help create about 4900 new jobs employing 46% women and 20% foreigners. Also in Estonian paid about 32.7million pounds in employment taxes in the first half of year 2019 and 72% of that in 2018 and they have raised over 1.1billion pounds in the last 12 years out of which 90% were foreign funds (Truu, 2019).

Although start-ups impact tremendously on jobs rapidly, most start-ups however fail or, even if they survive, are stagnated (Decker et al, 2013). In the infancy period following their establishment, new ventures are very unsafe and many of them do not metamorphose into lucrative businesses (Watson & Hogarth-Scott, 1998). Start-ups are innovative businesses that are crucial to the growth of an economy by helping in job creation. However, due to the high risk, level of uncertainty and challenges encountered by owners of start-up businesses, many of them do not survive beyond the first five years of establishment hence the onus is on continuous dynamism and innovation of the ventures in order to survive.

## **1.6. Organizational Culture in Start-ups**

Identifying the organizational culture and values that are crucial for the effective performance, success and survival of start-ups have been the focus of various authors. One of the values encouraged by start-ups is innovation, which is evident in their products, style of work, choice of traits for employees, method of job advertisements, and endeavours to exhibit their innovativeness by creating new terminology, or new meaning for old phrases. Also, start-ups strongly encourage flexibility, business smartness and pliancy due to the need for swift adaption to internal and external business environment pressures in order to continue existing. Start-ups allows more personal freedom and happiness and employees' workspace environment created do not emphasize differences between work and free time. Authenticity and creativity are core values of a lot of start-ups. Also, for most start-up, there is usually no distinct hierarchical order among workers and managers (Basiz, 2017). Start-ups organizational culture exhibits flexible approach towards ideas sharing and unhindered flow of information and also encompasses casual and relaxed dispositions, with particular importance placed on innovation and change. The start-ups operate a humble approach to ideas grounded on rigid uncompetitive collaboration which makes it possible for teams in start-ups to establish an atmosphere of continuous change and innovation while taking advantage of new market opportunities (Kwaiatkowski, 2016).

Employee performance in start-ups is a very important area and crucial to their survival. Job performance connotes the level of adequacies or how well an individual's work behaviours measures up or to add value to the organizational goals. This often includes tasks and contextual performance. Outcomes of employees' efforts and activities influenced by their expertise and skills inculcates performance in organizational setting, hence employees' performance involves the totality of outcome of the combination of the skills, efforts and abilities of employees, that facilitates the enhancement of organizational productivity prompting the achievement of organizational goals. Therefore, the acquisition of more effort is an indication of enhanced performance (Ellinuger et al, 2003).

There is connection between organizational culture and the job performance of employees in the start-ups. The level of employees' commitment to the attainment of organizational goals can increase with strong organizational culture, hence it greatly contributes to the performance of the employees (Shahzad, Iqbal & Gulzar, 2013). Organizational culture has a great impact on performance as it guides how things are executed, the organization's philosophy, work ambience, targets set for performance and how stable the organization is (Njugi & Nickson, 2014). Employees look for environments that help them fully utilize their potentials for innovations and creativity as well as freedom from enclosure with fellow workers among other preferences (Khalif et al, 2017). Organizational culture such as innovativeness, creativity, work flexibility have been highlighted as the major values inherent among start-ups and this values greatly impact on employees' performance, hence start-ups with strong cultural values are most likely have highly performing workforce and are likely to more equipped and positioned to take advantage of market opportunities that might arise.

## **2 RESEARCH METHODOLOGY**

The author of this thesis presents the methods and procedures used to carry out the study. It outlines the methods that were adopted for the collection and analysis of data. The methods and procedures are discussed under research design, description of sample and sampling procedure, description of the procedure for data collection, and method of data analysis.

### **2.1. Description of the sample**

The research is designed to discover and identify the impact of, as well as the level of relationship that exist between organizational culture and employees' job performance in Estonia start-ups. Hence, in the study, organizational culture is categorized as the independent variable while employee job performance is taken as the dependent variable. Parameters such as the sample were considered in carrying out the research analyses. For the population of the research, the Author focused on mixed range of start-ups in Estonia, that is, those that were ranked among the top ten biggest start-ups in Estonia in terms of number of employees and the start-ups that below the top ten. According to Start-up Estonia, as at 2019, TransferWise, Bolt, Pipedrive, Veriff and Monese 's workforce was 893, 499, 391, 305 and 175 respectively. These five start-ups were therefore considered by the author based on their size, while two smaller start-ups, Bondora and Adcash, were also included in order get a more comprehensive and comparable scope of the effect of organizational culture on employee performance in big and small start-ups. However, due to the needs of some respondents to maintain their anonymity, the name of their organization was not specified hence it is tagged "others". Also, the major target of the author were the foreigners living and working in Estonia and knowing fully well that it is impossible and unrealistic to mention all mention all of them, the author adopted a random sampling method were each of the questions were randomly answered by foreign employees of the samples. The aim was to elicit views of foreign employees in Estonia on how their organizational culture affects their job performance and overall productivity and how relevant is their organizational culture to them.

## 2.2. Description of quantitative research

The author adopted a descriptive quantitative research method hence the survey instruments were employed in the collection of data from the employees of the start-ups in Estonia. Data for the study were gathered from the primary source using the 5-point Likert scale questionnaire, where 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree while 5 = strongly disagree. The questionnaire is segmented into three different sections. The section one of the survey instruments comprised of some demographic characteristics such as the gender, organization, number of years of the working with the organization, the department as well as their nationality. For the second section, in the course of analysing the organizational culture in the start-ups, the author basically replicated the Dennison's model of culture (1995), because it is proven to be the most comprehensive qualitative study on organizational culture and performance (Kofi Poku & Owusu-Ansah, 2013; Calori & Sarmin, 1991). As earlier stated, the Dennison's model of culture identified four encompassing cultural traits which are Involvement Consistency, Adaptability and Mission. These traits were further broken down into twelve cultural items. The twelve cultural items namely; empowerment, team orientation, capacity development, coordination and integration, agreement, core-values, creating change, customer focus, organizational learning, strategic direction and intent, goals and objectives as well as vision, formed the scales used in eliciting information from the respondents in the section two (from question five to sixteen). However, in order to fully understand and determine the impact of culture of employee's job performance, the following variables; "Interpersonal impact" which measured the degree of self-esteem, goodwill, and cooperativeness of the foreign employees, "Quality of work" which measured the accuracy and dependability of the foreign employees' work output, "Need for supervision" which was used to measure the degree at which the employees are able to carry out their function without supervisory assistance or intervention, "Quantity of work" which considered the work output under normal condition without factoring in errors made. Hence, the above-mentioned performance scales were extracted from the work of Wiedower (2001). However, a fifth job performance variable "customers' satisfaction" was added by the author to determine the overall satisfaction of the start-ups' customers.

The questionnaire was randomly administered to respondents online via Google form between 8<sup>th</sup> June and 15<sup>th</sup> June 2020, in order to elicit an objective information from them, hence the questionnaire was structured objectively and helped to reduce time lag as well as minimize cost. Since the totality of questionnaires filled by respondents online was 115, the author hence assumed and use 115 as the size of the sample for the research.

Cronbach’s alpha test which is used to validate scales and check them for internal consistency was conducted. All the scales as shown in appendix 1, both for the cultural traits and the employee performance parameters were accepted since the lowest, customer focus under the adaptability trait scale, had an alpha slightly above 0.70 and since the Cronbach’s alpha rules states that scales with  $0.7 < \alpha < 0.8$  are deemed acceptable,  $0.8 < \alpha < 0.9$  is deemed good while  $\alpha \geq 0.9$  is deemed excellent. However, anything with alpha below 0.7 are deemed questionable to unacceptable. Hence, all the scales were valid.

Table 1. Cronbach’s Alphas of Validated Scales

<b>Validated Scales for Cultural Traits</b>		<b>Cronbach's Alpha</b>
<b>Involvement scales</b>		
	Empowerment	0.790
	Team orientation	0.760
	Capacity development	0.943
<b>Consistency trait scales</b>		
	Coordination and integration	0.882
	Agreement	0.821
	Core values	0.869
<b>Adaptability trait scales</b>		
	Creating change	0.735
	Customer focus	0.701
	Organizational learning	0.875
<b>Mission trait scales</b>		
	Strategic direction and intent	0.738
	Goals and objectives	0.733
	Vision	0.937

Source: Author’s calculations

Data were collected and analysed using SPSS; the, while descriptive statistics using mean, median and standard deviation, correlation analysis and regression analysis were employed to determine the relation between organizational culture and performance of employees.

## **3 RESEARCH RESULTS**

### **3.1. Result of the qualitative research**

The author analysed the section one of the questionnaires dully filled by the respondents and the finding in the appendix 3 was that, out of the 115 questionnaires that were submitted by respondents, 70 (61%) responses were from males while 45 (39%), which implies that there were more responses from the male employees of the population than their female counterparts. The analyses of the random distribution of the respondents across the targeted start-ups showed that 9 responses (7.8%) were from Veriff, 20 responses (17.4%) from TransferWise, 8 response (7%) from Monese, 10 responses (8.7%) from Bolt, 2 response (1.7%) were from Bondora, 4 responses (3.5%) from Adcash, 7 respondents (6.1%) were from Pipedrive while a whopping 55 respondents (47.8%) opted not to specify their organization.

In order to ensure that all respondents are Foreigners in Estonia, the author included “please answer the questions only if you are work as a foreigner in a start-up” to the questionnaire introduction. However, one respondent chose Estonia as the country of nationality while the other respondents, 114 (99.1%), chose 32 other countries of the world with the highest coming from Nigeria.

In terms of roles and distribution across departments, 29 responses (25.2%) were from customer relations roles, 15 responses (13%) were from operations and finance, 27 responses (23.5%) were from IT and engineering, 2 responses (1.7%) from human resources, 5 responses (4.3%) were from marketing, 16 responses (13.9%) were from risk control, compliance and complaint while 21 (18%) response where filled as “other”.

The author, however focused on the cultural traits and employee job performance using the organizations as the targeted group. The section two to four of the responses from the questionnaires gotten from respondents was divided into three categories with each category basically focusing on the following:

- Organizational cultural traits (Dennison and Mishra, 1995) which includes; involvement traits, consistency traits, adaptability traits and mission traits
- And employee job performance variables which includes; interpersonal impact, quality of work, need for supervision, quantity of work, (Wiedower 2001) and customer satisfaction.

## **3.2. Organizational Cultural Traits**

In the study, the author built on the Denison's cultural traits which identified four traits of organizational culture and these were used as the scale of measuring culture in the research work.

### **3.2.1. Descriptive Analysis of the Involvement Traits of the Start-ups**

The descriptive analysis of the responses from the sample can be seen in the appendix 2. Using the median as a yardstick, more of the respondents agree that the empowerment, team orientation and capacity development which are subsidiaries of the involvement cultural traits are present in their organization. A breakdown of the mean scores reflected that the respondents scored empowerment the lowest at (mean = 2.01), capacity development had the highest mean score at (mean = 2.23), while team orientation was in between the two.

The author also analysed the data collected on the involvement scale using the one-way Anova t-test (at  $\alpha = (0.05)$ ) to compare the responses across the various start-up organizations. The result for the empowerment cultural items reflected that ( $p = .100$ ,  $F = 1.772$ ), which implies that since the P-value is greater than the alpha, there was no significant difference between the responses from the different start-up organizations. This further implies that the respondents' organizations had no significant impact on their answers to the statements. For team orientation cultural item, the ( $p = .040$ ,  $F=2.199$ ) implying that unlike the empowerment item, there is slightly significant difference in the answers given by respondents since the P-value is less than the alpha, hence the organizations have a weak impact on the responses given by the respondents. For capacity development, ( $p = .115$ ,  $F=1.707$ ). As usual, since the P-value is greater than the Alpha, the author assumed that there was no significant difference between the responses across the start-ups, either big or small.

According to Denison and Mishra (1995), when capable employees when feel frustrated that their skills are not being fully utilized, if capacity development is higher than empowerment, and this may have high potential for employee turnover. On the other hand, a higher empowerment may be a signal that people are making decisions they are incapable of. While a higher team orientation might indicate very little substance among the team, hence members of the team comply without sense of commitment and ownership.

### **3.2.2. Descriptive Analysis of the Consistency Traits of the Start-ups**

From the appendix 2 below, using the median, the consistency scale captured that, like the involvement scale, majority of the respondents agreed to the existence of the consistency items i.e. the core values, agreement, coordination and integration within their start-up organizations. However, agreement was rated higher at (mean = 2.22), followed by core-values at (mean = 2.21) while the coordination and integration were rated lowest at (mean = 2.15).

The one-way Anova, t-test (at  $\alpha = (0.05)$ ) was also used to compare the responses across the various start-up's organizations for the consistency traits. The result for core values cultural items reflected that ( $p = .052$ ,  $F = 2.077$ ), which implies that since the P-value is greater than the alpha, there was no significant difference between the responses from the different start-up organizations. This further implies that the respondents' organizations had no significant impact on their answers to the statements. For coordination and integration cultural item, the ( $p = .011$ ,  $F=2.785$ ) implying that unlike the empowerment item, there is slightly significant difference in the answers given by respondents since the P-value is less than the alpha, hence the organizations have a weak impact on the responses given by the respondents. For Agreement, ( $p = .378$ ,  $F=1.085$ ). As usual, since the P-value is greater than the Alpha, the author assumed that there was no significant difference between the responses across the start-ups. However, according to Denison and Mishra, when agreement is lower than core values, discords, conflicts and differing of opinions may come up frequently during discussions as everyone will want to talk at once, most often ignoring the contributions of others.

### **3.2.3. Descriptive Analysis of the Adaptability Traits of the Start-ups**

From the appendix 3, using the median, the adaptability scale captured that majority of the respondents agreed to the existence of the consistency items i.e. the organizational learning, customer focus, and creating change within their start-up organizations. However, out of the three cultural items under the adaptability traits, organizational learning was rated higher at (mean = 2.40), followed by customer focus at (mean = 2.10) while creating change was rated lowest at (mean = 2.05).

The one-way Anova t-test (at  $\alpha = (0.05)$ ) analysis reflected that all the cultural items under the adaptability traits had P-values greater than alpha, for "creating change" ( $p = .072$ ,  $F = 2.077$ ), while for customer focus ( $p = .245$ ,  $F= 1.326$ ) and for organizational learning which is the closest to the alpha, ( $p = .304$ ,  $F= 1.210$ ). This implies for all the cultural items under adaptability that, since the P-value is greater than the alpha, there was no significant difference between the

responses from the different start-up organizations and that the respondents' organizations had no significant impact on their answers to the statements. Denison and Mishra (1995) stated that when customer focus is higher than creating change and organizational learning, it could be pointer that the organization may be adept at meeting the current need of customers while unprepared to withstand the future needs of the customers because the organization will concentrate its energy on satisfaction of the customers without seeing emerging patterns and trends hence they will always lag behind the customers' needs. On the other hand, higher organizational learning and creating change may result in the organization being extremely good at identifying best practices and creating new industry standards but incapable of the application of the knowledge they gained to effectively meet customers' needs.

#### **3.2.4. Descriptive Analysis of the Mission Traits of the Start-ups**

Referring the median in the appendix 2 below, it can be observed that adaptability scale captured that majority of the respondents agreed to the existence of the consistency items i.e. strategic direction and intent, goals and objectives, vision within their start-up organizations. However, out of the three cultural items under the adaptability traits, vision was rated higher at (mean = 2.43), followed by goals and objectives at (mean = 2.10) while strategic direction and intent was rated lowest at (mean = 2.00).

The one-way Anova t-test (at  $\alpha = (0.05)$ ) was also used to compare the responses across the various start-up's organizations for the consistency traits. The result for "strategic direction and intent" cultural item reflected that ( $p = .165$ ,  $F = 1.528$ ), which implies that since the P-value is greater than the alpha, there was no significant difference between the responses from the different start-up organizations. This further implies that the respondents' organizations had no significant impact on their answers to the statements. For "goals and objective" cultural item, the ( $p = .017$ ,  $F=2.572$ ) implying that unlike the empowerment item, there is slightly significant difference in the answers given by respondents since the P-value is less than the alpha, hence the organizations have a weak impact on the responses given by the respondents. For Agreement, ( $p = .773$ ,  $F=0.578$ ). As usual, since the P-value is greater than the Alpha, the author assumed that there was no significant difference between the responses across the start-ups. Denison and Mishra (1995) argued that it will be difficult for organizations to execute its mission if goals and objectives traits of the organization is lesser than the strategic direction and intent and vision. While other the other hand, higher goals and objectives insinuates strength in execution but deficiency in sense of direction, purpose and long-range planning as the focus is usually on the short-term plans.

In summary, concentration on some cultural traits while neglecting others may result in organizational ineffectiveness, hence all organizational cultural traits must be balanced for organizations to achieve high and effective performance from employees.

### 3.3. Employee Job Performance Variables Analysis

In this section, the author aimed to analyse the respondents' views on the following employee job performance variables; interpersonal impact, quality of work, need for supervision, quantity of work, customer satisfaction and how culture impacts them. Here, descriptive statistical instruments such as the mean, median and standard deviation were also used to analyse the data received. From the table 2 below, for the mean, out of the five variables, the quantity of work had the highest mean score at (mean = 2.87), followed by the quality of work at (mean = 2.61), need for supervision ranked third at (mean =2.47), interpersonal impact ranked fourth at (mean =2.20) while customer satisfaction was lowest at (mean = 2.12).

A one-way Anova test was also conducted to determine the level of differences among the start-up's organizations, using an alpha ( $\alpha = 0.05$ ). For the interpersonal impact variable, (P = .2611, F= 1.2924), quality of work, (P = .0861, F=1.8448), need for supervision was (p= .2221, F= 1.3944), quantity of work was (P = 0.7397, F=0.6184), while for customers' satisfaction (P = 1.178, F= 1.1660). From the analysis, it can be observed that none of the measured variables had P-value lower than the significant level of 0.05 alpha, hence, it can be assumed that there are no significant differences in employee job performance across the start-ups, both big and small.

**Table 2. Descriptive Statistical Evaluation of Employee Job Performance Variables.**

Performance Variables	Mean	Median	Std. Deviation	One-way Anova	
				F	Sig.
Interpersonal impact	2.20	2.00	1.16	1.2924	0.2611
Quality of work	2.61	2.00	1.261	1.8448	0.0861
Need for supervision	2.47	2.00	1.18	1.3944	0.2221
Quantity of work	2.87	2.00	1.166	0.6184	0.7397
Customers' satisfaction	2.12	2.00	1.178	1.1660	0.3285

Source: Author's calculations

The table above shows the result of the analysis conducted using the descriptive method and one way Anova, to check the differences of responses among the start-ups, hence the author concluded that there is no difference in responses related to the performance variables among the start-ups

### **3.4. The Relationship between the Organizational Culture Traits and Employee Job Performance Variables**

In order to determine the relationship between the cultural traits and employee job performance, the author made use of the non-parametric Spearman's rho correlation. The Spearman's rho is majorly used to identify correlation between a couples of ordinal variables. It is a generally employed analysis tool for gauging the relationship between survey instruments or Likert Survey type. It is very popular amongst social scientist who mostly use Likert or Ordinal scales in soliciting responses from the sample. For the spearman's rho coefficient, the real correlation value connotes direction and magnitude while the sig. is represented by the P-value. The correlation between the culture traits and performance variables are shown below.

From the appendix 4, it can be observed that all the subscales under the involvement cultural trait scales, have significant correlation with the performance variables. Under the involvement cultural traits, all the five performance variables (interpersonal impact, quality of work, need for supervision, quantity of work, and customers' satisfaction) showed a strong correlation with the involvement cultural subscales. As a rule of thumb, the higher the spearman's rho coefficient or the closer it is to 1, the stronger the relationship between compared subjects matters i.e. the dependent and independent variables. On the other hand, a smaller rho indicates a weak relationship. The spearman's coefficient in the table 1 however ranges from ( $r_s \geq .202 \leq .660$ ). For the P-value, since the rule of thumb states that the lower the P-value from the significant level the stronger the relationship that exist between the variables. The P-value for the subscales under the involvement cultural traits showed alpha ranging from ( $P < .001$  to  $P = .003$ ) which are all less than the alpha level of 5%. This implies that there is a strong relationship and correlation between the involvement traits of organizational culture and job performance of employees. However, it could be observed that there is weaker correlation between the quantity of work variable and the involvement traits compared to the other performance variable as  $P > .01$ . The author therefore concluded that there is a linear correlation between the involvement traits and the employee job performance variables, hence an improvement in the involvement cultural traits of the start-up organizations will bring about in the performance variables of the employees.

For the relationship between consistency traits of the start-up organizations and the performance variables, appendix 4 reflected that there is significant correlation between all the cultural subscales and the employee performance variables. Using the Spearman's rho correlations, it can be observed that the coefficients between the variables are high as they range from ( $r_s \geq .279 \leq .636$ ), hence connoting a strong bivariate relationship between both the consistency traits and the employee job performance variables. To re-emphasize the correction, the P-value for all the variables reflected that the alpha is less than 5% at ( $p < .01$ ) which implies that the cultural traits have a very strong relationship with the performance variables and the more prevalent the cultural traits are within the start-up organizations, the more efficient the employees will be in terms of performance.

For the adaptability traits, the spearman's coefficient correlation reflected that there is strong relationship between the cultural subscales and majority of the employee performance variables as the rho values shows that ( $r_s \geq .426 \leq .683$ ) while the P-value reflected that ( $P < .001$ ) for correlations between the adaptability cultural scales and interpersonal impact, quality of work, need for supervision, quantity of work and customer satisfaction performance variables. However, the result of the analyses reflected that there is no significant correlation between creating change (subscale of adaptability trait) and quantity of work at ( $r_s = .152, P = .106$ ), customer focus versus quantity of work at ( $r_s = .171, P = .067$ ) which are greater than the alpha at 5%. There was however a significant relationship between organizational learning and quantity of work at ( $\rho = .356, P < .001$ ). The implication of the above signifies that all the employee job performance variables have positive relationship with the adaptability traits except for the quantity of work variable, which only has a strong correlation with the for organizational learning subscales while the other subscales under the adaptability traits have no significant relationship with the variable.

For the fourth cultural trait which is the mission traits, the appendix 4 shows that for the mission trait of the organizations, there is a strong correlation between the cultural subscales and the performance variables, as the spearman's coefficient correlations reflects a high correlation between the cultural variables and the employee performance variables at ( $r_s \geq .284 \leq .705$ ) while the P-value shows that the alpha ranges between ( $P \geq .001 \leq .029$ ). There, however, seems to be a weaker correlation between goals and objective subscale of the mission trait and the quantity of work.

In summary, the result of the research analysis above strongly buttressed the Denison's model assertion that organizational culture plays a strong role in performance. Hence, organizational

cultural traits have a strong correlation with the individual performance of foreign employees and their organization's effectiveness. The stronger the start-up organization's cultural traits such as the involvement trait, and consistency traits, which are internal as well as the adaptability trait, and mission traits which are external, the higher the employee job performance

## **4 DISCUSSIONS AND SUGGESTIONS**

The study assessed the relationship between organizational culture and employee performance among foreign employees in Estonian start-ups, hence in this chapter, the author juxtaposed the theoretical framework and the results of the empirical research conducted in the project. The chapter primarily aimed to highlight the summary of findings, conclusion, contribution to knowledge, recommendations as well as suggestion for further studies.

### **4.1. Discussions**

As earlier stated, the author conducted the study to examine the relationship between organizational culture and employee job performance among the foreign employees working and living in Estonia. Furthermore, the study aimed to identify the cultural elements that are crucial to the performance of employees and ultimately the survival of the start-up organizations as well as to understand the views of these foreigners about their various organization's culture and how relevant they perceived the identified cultural element to be to their individual and their collective performance. Within the time given for the collation of data, 115 responses were gotten from nationals of 33 countries living and working in Estonia. Also, these respondents basically work in start-ups such as Veriff, TransferWise, Monese, Bolt, Adcash, Pipedrive, Bondora while some who decided not to specify their organizations were tagged as others. Also, the responses gotten as earlier stated also, cut across various departments such as Customer Relations, Operation and Finance, IT and Engineering, Human Resources, Marketing, Risk control, Compliance and Complaint and Others, including both males and females within each departments, implying that the sample effectively capture the aim of the research.

Here, the author will embark on the discussion of the findings of this research by determining how well the research questions stated earlier in the study have been addressed. In the course of doing this, the author will proceed to offer a justification for the synergy between the theoretical and practical aspect of the study. In conclusion, the author will discuss some of the limitations in the research, as well as how to mitigate them in subsequent researches

Research Question 1: What is foreign employees' opinion about their organization's culture?

Responses from the questionnaire survey suggested that the foreign employees in the various start-up believe that organizational culture greatly impact their performance. The respondents'

views showed that start-ups effectively and promptly communicate with their employees which help in performances as these employees are able to get the necessary information needed to be productive. Emphases are placed on cooperation amongst the employees toward the achievement of the organizational goals, which the employees are aware they are all accountable for, hence the start-ups place much priority on teamwork. Also, the responses implied that start-ups view development of employees' skills and competencies as very crucial and sacrosanct to their development, competitiveness and ability to continuous meetup with business demands.

Also, the responses implied that start-up organizations have a clear direction of what they want to do and must also ensure that there are well defined processes and procedures within their organizations. There is synergy among the different functions, units and departments within the start-up organizations which help them to work together to achieve set organizational goals. Also, boundaries set by the organizations do not affect getting work done by employees. In addition, the responses reflected that the start-ups employees have a sense of identity and expectations based on the values shared by organizational stakeholders.

Majority of the respondents also expressed the views that their organizations, on a continuous basis, look for means to be innovative and bring work improvement within their organizations. Employees ideas are accepted and can be given freely. Also, the start-ups take proactive measures to ensure that feedbacks from customers are embedded and act as catalyst for changes within the organization. Errors and mistakes are perceived as opportunities to learn and bring about improvement to the organizations.

Furthermore, the respondents expressed that there is clear meaning and direction to their work due to the well-defined set of goals and objectives which are linked to the mission, vision and strategies of their organizations. Overall, foreign employees have good perception about their organizational culture. This means increase in the overall productivity of employees.

Research Question 2: How does the culture impact Foreign Employees' Performances among the Start-up Organizations?

From the responses gotten in the research survey, the author was able to determine that majority of the foreign employees working in start-ups organizations agreed that organizational culture is very important to the performance and wellbeing of their organization. Organizational culture is the totality of values, norms, behaviours etc prevalent within the start-up organization or any organization for that matter which impact significantly on the sociological and psychologically ability of an organization to perform well internally and within the external business environment.

The responses received from the respondents corroborated the work of Denison & Mishra (1995), that there are four cultural traits, Involvement, Consistency, Adaptability and Mission, which indicates positively the perception of performance within the organization and these traits necessary for employee/ organizational performance and effectiveness. An effective organization culture will go a long way to boost employees psychological and physical alignment with the organization. A positive organizational culture also helps to boost innovativeness, and sense of ownership among the employees, hence they are motivated to take their organizations as their own personal project thereby performing with utmost alacrity. However, organizational culture, if not well prevalent within the organization may lead to underperformance of not just individual employee but also the overall performance of the organization, and ultimately lead to the demise of the Organization.

Research Question 3: What are the Cultural Elements Foreign Employees in Start-up Organizations find most Relevant to their Productivity?

From the analysis of the data done, the author discovered that all the cultural items identified in the Denison model are very important to foreign employees' productivity within the start-up organizations. The responses showed that all the cultural traits seem to have a strong correlation with interpersonal impact of the foreign employees, their quality of work, their need for supervision and customers' satisfaction. However, the impact of the cultural traits varies when it comes to the quantity of the foreign employees' work. Consistency traits seems to have the strongest correlation with quantity of work, followed by the involvement traits but there seems to be no correlation between the adaptability and mission traits (both of which are external) with the quantity of work or output of the foreign employees. This could imply that other factors, aside from organizational culture, influences the quantity of work or output of workers.

## **4.2. Recommendations**

Based on the findings of this study, the author offers the following suggestion to managers and person's in the position of implementing and enforcing organizational culture on how organizational culture could be further improved within the start-up organizations for better employee performance.

- Organizations must ensure that there is recognition for job well done for individuals and teams. That would help to boost their morale to achieve more.

- Managers of organizations must ensure that there is enough circulation of communication about the business and management expectation amongst the employees. Also, ideas generation must not be restricted to the top management alone but must be solicited from the bottom up, especially from with the everyday interface/ interaction with customers.
- Organizations have to ensure that employees are given the opportunity to be innovative, creative and confident to make contributions. Their mistakes must be treated as an experience to prevent further failure.
- Managers should ensure that their reward management system is based on team effort, hence a sense of “together” must be cultivated amongst their employees. Also, the performance evaluation procedure should be encompassing, and employees promoted and rewarded based on the value (measured as objectively as possible) they bring to the organization, hence measurable targets must be set for all employees. Career and capacity development of the employees should be of utmost importance.
- Managers must ensure that they properly articulate their core values in such a way that employees are continuously reminded of these values and must also ensure that there is synergy between the values and the day to day operations of the organization.
- Managers must make it a matter of important to incessantly seek feedback from customers which should be the highlight of changes and innovations. To improve their competitiveness, start-ups need to focus on organizational change and align these changes to their customers’ needs.
- Start-ups should endeavour to set long term and short-term strategies and goals, and they should ensure that all stakeholders are in tune with the direction the organization is going. Addition, the start-ups should take cognizance of the individual goals of the employees and try as much as possible to connect these goals to the overall organizational goal.
- In conclusion, the managers of organizations must strive toward creating the ideal organizational, which according to Denison, reflects balanced internal and external focus that might result to effective business strategy and performance.

## CONCLUSION

Over the years, the significance of organizational culture on employee performance have been a subject of vigorous debate amongst scholars. Although, there is a universal acceptance of the importance of organizational culture on employee job performance, little or no work have been done on the identification of a universal organizational culture with can be adopted and adapted to enhance performance of individuals or employees coming from different socio-cultural and economic backgrounds. Also, there is very little knowledge of the pivotal role that organizational culture plays in influencing foreign employees' behavioural pattern towards better performance, most especially within start-ups. These constitutes the problem the author addressed while carrying out the study. Due to the growing number of foreign employees, encouraged by the Estonia government to augment the shortage of manpower in the country, the author was prompted to focus on assessing how the performance of these foreign employees are affected or influenced by the organizational culture of their Estonia workplace.

In the study, the author endeavoured to determine the relationship that exist between organizational culture and employees' job performance among foreign employees of Estonia start-up organizations. Secondly, by focusing on the case of Estonia, the research aimed to help new and current start-ups to understand what goes on in their company and business in relation to employee performance and what affects it. In order to achieve the objective of the research, the following questions were established by the author, to be answered;

1. What is foreign employees' opinion about their organizations' culture?
2. How does start-up organizational culture impact foreign employees' performances among the start-up organizations?
3. What are the cultural elements the foreign employees in start-up organizations find most relevant to their productivity?

From the series of literatures reviewed, the author was able to determine that there exists a great deal of correlation between organizational culture and employees' job performance. Various models and scholarly journals of organizational culture and the impact of culture on organization. Among the models discussed, emphasis was placed on the Denison model, which stipulated that there are certain cultural traits within the organizations, some of which are internal while some are external, which have direct impact on the positive behaviours of employees leading to better performances level within organizations.

The author developed a questionnaire using the Denison model as cultural scales while for the performance variables, the author employed the parameters used by Wiedower (2001) for the employee job performance variables. This questionnaire was distributed among the respondents online via google form and analysed using a descriptive analysis and non-parametric oneway Anova and Pearson's rho correlation. The results show that the foreign employees, generally, have a positive opinion about their organizations and they also believe that the cultural traits such as adaptability, consistency, involvement and mission are prevalent within their organizations. Also, their responses reflected that there is strong correlation between these cultural traits and the performances variables identified in the study with the exception of the quantity of work of the employees, which varies among the cultural traits with the internal cultural traits having the stronger association while the external cultural seems to have insignificant association with quantity of output.

This research however has its own limitations. The research focused on a cultural model which excludes other variables, such leadership, work life balance, employee satisfaction etc., that could directly or indirectly influence employee job performance.

Based on the result of findings, the author recommended that managers should ensure that there is enough circulation of communication expectation amongst the employees and ideas generation should be solicited from the bottom up and they must also ensure that all the stakeholders are keyed into the direction of the organization. Managers should ensure that their reward management system is based on team effort to boost agreement within the organization. Also, performance should be measured as objectively as possible. Career and capacity development of the employees should be of utmost importance. Core values should be properly articulate, and employees should be continuously reminded of these values to guide their behaviours at work. Also, there must be a link between the organizational values and day to day operations of the organization. Managers must incessantly seek feedback from customers as well as ensure that they put customers' needs as the main focus of decision making. Most importantly, there must be a balance between the internal and the external cultural traits of the organizational as that is the only way efficiency and optimum performance can be achieved.

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# APPENDICES

## Appendix 1. Questionnaire Questions

### Personal Information

A start-up is a young company founded by one or more entrepreneurs to develop a unique product or service and bring it to the market. It is associated with a business that is typically technology-oriented and has high growth potential (Ireland, 2020).

1. Place of work
2. How long have you been working there?
3. Which department do you work in?
4. What is your nationality
5. What is your gender?

Organizational culture is the underlining values, beliefs and principles that serve as the foundation for an organization's management system, practices and behaviours (Denison, 1999). For the next few questions, please indicate to which extent you agree to the statements regarding your organization.

- 1- Strongly agree
  - 2 - Agree
  - 3- Neutral
  - 4- Disagree
  - 5- Strongly disagree
6. Information is widely shared in this organization so that everyone can get the information s/he needs when it is needed.
  7. Value is placed on working cooperatively toward common goals for which all employees feel mutually accountable. The organization relies on team effort to get work done.
  8. The organization continually invests in the development of employees' skills in order to stay competitive and meet ongoing business needs
  9. Different functions and units of the organization are able to work together well to achieve common goals. Organizational boundaries do not interfere with getting work done.
  10. There is clear agreement about the right way and the wrong way to do things in this organization

11. Members of the organization share a set of values which create a sense of identity and a clear set of expectations
12. This organization continually adopts new and improved ways to do work
13. Customer comments and recommendations often lead to changes in this organization
14. We view failure as an opportunity for learning and improvement.
15. This organization has a clear mission that gives meaning and direction to our work
16. We have a clear set of goals and objectives that can be linked to our mission, vision, and strategy, and it provides us with a clear direction in our work

Deal and Kennedy (1982) agrees that organizational culture is simply "the way we do things around here". The next few questions centre on your personal perception about the way things are done in your organization and how it affects the performance of your job.

17. I am at ease and comfortable when I'm around others at work - regardless of their title, position, or stature.
18. A friendly atmosphere prevails among the people in our organisation. I don't feel different.
19. In our organisation a mistake by a subordinate is treated as an experience (by the boss) from which lessons are learnt to prevent failure and improve performance in the future.
20. I can be my whole self while at work and don't have to pretend to be someone I'm not.
21. Everyone's unique ability is appreciated and supported
22. In our organization people are rewarded in proportion to the excellence of their job performance.
23. We strive to meet customer's needs naturally
24. Which of these organizational values aid your performance or could better your performance at your job?
25. Is there anything else you would like to add?

## Appendix 2. Descriptive Analysis of Cultural Traits

<b>Cultural Traits</b>	<b>Mean</b>	<b>Median</b>	<b>Std. Deviation</b>
<b>Involvement Scale</b>			
Empowerment	2.01	2.00	1.210
Team Orientation	2.04	2.00	1.195
Capacity Development	2.23	2.00	1.180
<b>Consistency Scale</b>			
Coordination and integration	2.15	2.00	1.286
Agreement	2.22	2.00	1.262
Core values	2.21	2.00	1.196
<b>Adaptability Scale</b>			
Creating change	2.05	2.00	1.198
Customer focus	2.10	2.00	1.162
organizational learning	2.40	2.00	1.176
<b>Mission Scale</b>			
Strategic direction and intent	2.00	2.00	1.192
Goals and objectives	2.02	2.00	1.242
Vision	2.43	2.00	1.208

### Appendix 3. Demographic Distribution of Respondents

<b>Gender</b>	<b>No of Responses</b>	<b>Percentages (%)</b>
Male	69	60%
Female	46	40%
<b>Total</b>	<b>115</b>	<b>100.0%</b>
<b>Organization</b>	<b>No of Responses</b>	<b>Percentages (%)</b>
Veriff	9	7.8%
Transferwise	20	17.4%
Monese	8	7.0%
Bolt	10	8.7%
Bondora	2	1.7%
Adcash	4	3.5%
Pipedrive	7	6.1%
others	55	47.8%
<b>Total</b>	<b>115</b>	<b>100.0%</b>
<b>Work Duration</b>	<b>No of Responses</b>	<b>Percentages (%)</b>
LESS THAN ONE YEAR	26	22.6%
1 - 2 YEARS	63	54.8%
3 - 4 YEARS	26	22.6%
5 YEARS & Above	0	0.0%
<b>Total</b>	<b>115</b>	<b>100.0%</b>
<b>Departments</b>	<b>No of Responses</b>	<b>Percentages (%)</b>
Customer relations	29	25.2%
Operations & Finance	15	13.0%
IT & Engineering	27	23.5%
Human Resources	2	1.7%
Marketing	5	4.3%
Risk Control, Compliance & Complaint	16	13.9%
Others	21	18.3%
<b>Total</b>	<b>115</b>	<b>100.0%</b>
<b>Nationality</b>	<b>No of Responses</b>	<b>Percentages (%)</b>
FOREIGNERS	114	99.1%
ESTONIAN	1	0.9%
<b>Total</b>	<b>115</b>	<b>100.0%</b>

#### Appendix 4. Spearman's Rho Correlation Test between Cultural Traits and Employee Job Performance Variables.

	Spearman's Rho Correlation	Interpersonal Impact	Quality of Work	Need for Supervision	Quantity of work	Customers' Satisfaction
Involvement Trait						
Empowerment	$r_s$	.623**	.617**	.564**	.202*	.619**
	P-value	0.000	0.000	0.000	0.030	0.000
Team Orientation	$r_s$	.660**	.552**	.581**	.219*	.623**
	P-value	0.000	0.000	0.000	0.019	0.000
Capacity Development	$r_s$	.465**	.456**	.369**	.310**	.326**
	P-value	0.000	0.000	0.000	0.001	0.000
Consistency Trait						
Coordination and Integration	$r_s$	.609**	.537**	.636**	.297**	.450**
	P-value	0.000	0.000	0.000	0.001	0.000
Agreement	$r_s$	.520**	.477**	.436**	.325**	.442**
	P-value	0.000	0.000	0.000	0.000	0.000
Core values	$r_s$	.467**	.556**	.469**	.279**	.407**
	P-value	0.000	0.000	0.000	0.003	0.000
Adaptability Trait						
Creating change	$r_s$	.589**	.524**	.601**	0.152	.468**
	P-value	0.000	0.000	0.000	0.106	0.000
Customer focus	$r_s$	.683**	.505**	.538**	0.171	.601**
	P-value	0.000	0.000	0.000	0.067	0.000
Organizational Learning	$r_s$	.547**	.566**	.457**	.356**	.426**
	P-value	0.000	0.000	0.000	0.000	0.000
Mission Trait						
Strategic direction and intent	$r_s$	.593**	.504**	.597**	.284**	.517**
	P-value	0.000	0.000	0.000	0.002	0.000
Goals and objectives	$r_s$	.565**	.357**	.527**	.204*	.549**
	P-value	0.000	0.000	0.000	0.029	0.000
Vision	$r_s$	.705**	.470**	.551**	.307**	.467**
	P-value	0.000	0.000	0.000	0.001	0.000

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