

THE EMERGENCE OF ORGANIZATIONAL CULTURE

ABSTRACT

Culture is central to organizations and their outcomes. However, we know surprisingly little about how culture emerges because extant research generally examines large, established organizations. In this paper, I address this gap. I use an inductive longitudinal research design to study eight nascent technology companies over 22 months to generate a theory of culture emergence. My data point to the criticality of a few founder choices: how they imprint themselves on the organization, structure human capital, and manage the budding culture. Further, my data reveal that several “best practices” suggested by practitioners for culture creation appear to be more detrimental than helpful. More broadly, my findings contribute to strategy and entrepreneurship.

Christopher Law
University of North Carolina
Job Market Paper

---- DRAFT ----

January 10, 2023

INTRODUCTION

Culture is critical to all organizations. It is the shared behavioral norms and underlying beliefs and values that shape the way of doing things in the organization (Verbeke et al., 1998; Zohar & Hofmann, 2012). As such, culture impacts many aspects of organizations including effectiveness (Giorgi et al., 2015; Hartnell et al., 2019), innovation (Berson et al., 2008), value and earnings (Graham et al., 2017; Moniz, 2017), and financing decisions (Gow et al., 2016). Extant research provides insight into key features of culture, such as how norms are transferred to new organizational members (Levine & Prietula, 2012), how cultures coalesce after a merger (Bhatt et al., 2021), how to change a culture of a mature organization (Pettigrew et al., 2001), and how culture can serve as a governance mechanism (Marchetti & Puranam, 2022; O'Reilly & Chatman, 1996).

Practitioners also point to the importance of culture. A survey of 1,900 large company executives reports that 92% believe that improving company culture would increase firm value (Graham et al., 2017). Former CEO of IBM, Louis Gerstner, said “Until I came to IBM, I probably would have told you that culture was just one among several important elements in any organization's makeup and success. I came to see... that culture isn't just one aspect of the game, it is the game” (Gerstner Jr, 2003). Entrepreneurs express a similar sentiment. Zillow cofounder Spencer Rascoff noted that in the early days of the company, “all [that] major investors wanted to talk about was leadership and culture” (Rascoff, 2017). Indeed, Peter Drucker famously claimed that culture is so important it “eats strategy for breakfast.”

Yet, while much is known about culture and its importance to organizations, much less is known about how it emerges. Almost all culture-related literature studies large and mature organizations or is theoretical (Schneider et al., 2013). For example, the firms in the culture research of Sørensen (2002) and Guiso et al. (2015) are all publicly listed and 89% of the firms used in the culture work by Chatman

et al. (2014) are in the Fortune 1000. The limited research on the emergence of organizational culture suggests that culture stems from the founder's imprint or values (Baron, Hannan, et al., 1999; Johnson, 2007; Schein, 2004). But, again, this research primarily studies older firms or established MNCs. Indeed, as scholars typically enter organizations *after* cultures have developed (Ehrhart et al., 2014), some researchers claim that our understanding of culture emergence is “the result of backward induction in that researchers looked at large companies and then induced the roots of their organizational cultures” (DeSantola & Gulati, 2017, p. 652). The practitioner literature is similarly opaque about culture emergence. While much is written on the topic, the content is anecdotal and speculative rather than empirical. Hence, common to both practitioners' viewpoints as well as scholarly research is that culture emergence is largely a black box.

In this study, I ask, “How does organizational culture emerge?” By culture emergence, I mean the process of norms, beliefs, and values becoming known and shared in a *de novo* organization. Given the limited empirical insight into the process of cultural emergence and diverging approaches among practitioners, I use a multiple-case inductive approach to generate theory about this phenomenon. To better understand culture emergence, I focus my sample on new organizations. I combine extensive archival data with four waves of interviews spanning 22 months with founders, early joiners, and investors of eight nascent technology-based companies (151 interviews in total) to better understand how norms, beliefs, and values become known and shared. While time consuming, this longitudinal view provides fresh and needed understanding of culture creation.

My primary contribution is a rich, in-depth, process view of culture emergence in new organizations. I show *how* founders establish culture through four interrelated choices about constructing the organization's human capital and their beliefs about organizational culture. I contribute by suggesting a novel mechanism by which founders imprint themselves upon their organizations. I also

contribute by offering empirically-grounded insights about culture formation and warn that several cultural “best practices” may have unintended negative organizational consequences. Collectively, the findings in this study contribute to strategy and entrepreneurship.

LITERATURE REVIEW

As noted earlier, I define culture as the shared behavioral norms and underlying beliefs and values that shape the way of doing things in the organization (Verbeke et al., 1998; Zohar & Hofmann, 2012; see Table A for a comparison to similar constructs). Although much research exists on culture and its ties to important organizational outcomes (see Table B), little research exists on culture emergence.

----- INSERT TABLES A AND B ABOUT HERE -----

One stream of research examines the association between an organization’s leaders and its culture (see Table C). While a leader’s values can influence firm strategy (Rindova & Martins, 2018), this literature shows that these values also impact organizational culture (Berson et al., 2008; Chatman et al., 2014; Schein, 1983). Based upon ethnographic work of mature MNCs, Schein (2004) theorizes that leaders communicated their values to the organization through primary culture-embedding mechanisms (e.g., how leaders allocate resources, rewards, and status, what they pay attention to, and how they react to critical incidents) and secondary culture-embedding mechanisms (e.g., organizational design, the rites and rituals of the organization, and stories about events and people). Related research links the hiring decisions of early leaders to the future culture; leaders tend to hire employees with similar demographic, behavioral, and intrapersonal characteristics (Ibarra, 1992; M. McPherson et al., 2001; Schneider, 1987).

Imprinting theory (Lounsbury & Ventresca, 2002; Marquis & Tilcsik, 2013; Stinchcombe, 1965) also considers the organizational impact of early leaders. This work demonstrates that influences present at organizational founding, such as environmental conditions or the founder’s traits, continue to shape

the organization into perpetuity (Marquis & Qiao, 2020). For example, Baron, Hannan, and Burton (1999) find that the departed founder's influence is stronger than the current CEO's when surveyed (an average of six years post-founding). Johnson (2007) goes so far as to tie present-day organizational characteristics of the Paris Opera to its founders even 300 years after its origins. The influence of founders is expected to be especially strong when the organization experiences relative success because organizations can be inert and not deviate greatly from what has worked in the past (March, 1991).

Although research generally shows that leaders influence culture in mature organizations and suggests that early organization leaders shaped the organization in important ways, few researchers study these relationships as the organizations and culture are emerging. Instead, researchers tend to analyze mature organizations and theorize about phases of the organizational life cycle they did not observe (DeSantola & Gulati, 2017; Ehrhart et al., 2014). This approach likely oversimplifies our understanding of how leaders shape culture in new organizations. For example, the social dynamics between the founder(s), early employees, and the external environment can add complexity that confounds a simple association between founder values and firm culture (Garg & Eisenhardt, 2017; Pahnke et al., 2015). Yet, we lack an understanding of how early leaders reconcile differences between values held personally versus those pushed by outsiders. Thus, while this literature provides a helpful starting position, it is silent about many practical nuances related to how leaders might influence culture emergence, if at all, during the formational periods of new organizations.

----- INSERT TABLE C ABOUT HERE -----

Research on organizational change also has some research relevance to how culture emerges (see Table D). This research shows that intentionally changing an organization's culture is difficult. If change agents can leverage key cultural elements, they may alter an organization's culture (G. F. Davis et al., 2008; Lounsbury & Glynn, 2001; Meyerson, 2003). Kellogg (2011) demonstrates that understanding the

“cultural toolkit” (e.g., stories, rituals, etc., Swidler, 1986) is necessary but insufficient. Instead, change leaders also need a political toolkit (e.g., staffing, evaluation, and accountability systems). However, research on organizational change generally analyzes mature organizations. It assumes that the culture already exists and that organizational members can manipulate certain elements to impose a desired change (Ehrhart et al., 2014). The process of instituting a desired new culture may be markedly different when members have no existing culture to modify, and thus no cultural toolkit (Swidler, 1986). Making changes at the early stage may be easier because new ventures are nimble (Hannan & Freeman, 1984; Haveman, 1993) and have fewer people to convince. Or, change in the earliest stages of the organization could be harder because of the demands on time and resources (Shane, 2008; Stinchcombe, 1965). Similarly, extant research shows that incentive alignment is critical to realizing organizational culture change (O’Reilly & Chatman, 1996), but the incentives for employees in startups are very different from the incentives in a large organization (Roach & Sauermann, 2015). In short, little is known about how closely research on culture change informs our understanding of culture emergence since these scholars typically overlook the newer and smaller organizations where culture is likely to emerge.

----- INSERT TABLE D ABOUT HERE -----

The literature on acculturation is a third area that may inform our understanding of cultural emergence. Acculturation, the process of an individual and organization adapting their social and cultural practices to each other (Berry, 1980, 2005), occurs internally by communicating and adopting norms through storytelling, observation, or routines (Ranft & Lord, 2002; Swap et al., 2001; Zander & Kogut, 1995). External factors also impact acculturation. Using a lab and field study, Kim and Toh (2019) show how incoming organizational leaders establish cultures similar to those they experienced in the past. Similarly, literature on career imprinting demonstrates how employees carry the set of motivations, cognitions, and behaviors they experienced earlier in their careers (Dokko et al., 2009;

Marquis & Tilcsik, 2013). Trade associations and professional groups can impact acculturation by socializing their members and creating common expectations (Giorgi & Weber, 2015; C. M. McPherson & Sauder, 2013). Although this literature does suggest multiple sources of an organization's culture, it lacks process-based details about how these elements combine to shape culture emergence. For instance, status and formal authority are frequently used to explain acculturation (Bunderson & Reagans, 2011; Hwang et al., 2015; Sine et al., 2003), but these elements are often ambiguous in nascent organizations (Ensley et al., 2006). Additionally, those who join new organizations often vary in ability and motivations compared to employees working at the larger organizations typically studied in this literature (Elfenbein et al., 2010). Thus, research on acculturation, as well as organizational change and leaders' impact on culture, presents only limited ability to inform the research question. In this study, I seek to provide a more complete understanding of culture emergence.

METHODOLOGY

Due to the limited theory and empirical evidence regarding culture emergence, I use multiple cases to build theory inductively (Eisenhardt, 1989) and follow each company for 22 formative months.. This design is appropriate for my research question for several reasons. First, multiple case inductive research explains variation in processes and elucidates longitudinal "how" questions (Eisenhardt, 2021; Eisenhardt & Ott, 2017). This longitudinal design answers the call of many scholars who lament that empirical culture research is almost entirely cross-sectional and thus limits the field's understanding of how culture unfolds over time (e.g., Chan, 2014; Hartnell et al., 2019; Sackmann, 2010). Second, multiple case inductive methods rely on a replication logic that considers each case much like an individual laboratory experiment. Rather than relying on a single case to build theory, I test the theory stemming from each case against the other cases to confirm or reject the findings (Yin, 1994). This iterative approach leads to theory that is both more robust and parsimonious (Yin, 2017).

Multiple case inductive methods provide two additional benefits that are specific to culture as the focal construct. First, culture is a multi-faceted construct shared amongst individuals within an organization (Ehrhart et al., 2014). Teams or function-specific groups often have unique sub-cultures (Howard-Grenville, 2006; Sackmann, 1992). Each case includes interviews with members at multiple levels of the organizational hierarchy who work on different teams or functional areas. Assessing the focal construct from multiple points-of-view increases accuracy (Golden, 1992; Miller et al., 1997). Second, most scholars believe that some elements of culture are deeply embedded within organizational life and thus difficult to observe or understand while other aspects are less meaningful but easily captured (Detert et al., 2000; Furnham & Gunter, 1993; Schein, 2004). Deep-level elements include beliefs, values, and assumptions that will lead to success (Allaire & Firsirotu, 1984; Detert et al., 2000). Surface-level elements consist of visible artifacts such as policies, procedures, organizational structure, and language (Allaire & Firsirotu, 1984; Trice & Beyer, 1993). A multiple case inductive approach captures both the deep- and surface-level elements of culture. This grants the researcher an insider's perspective that can see past the misleading surface-level fronts frequently given by organizations and their members (Ehrhart et al., 2014). In summary, the multi-case approach helps address many of the complications Pettigrew (1990) highlights as plaguing culture studies, including issues related to culture's levels (hard to get to the deepest, most important level), implicitness (culture is taken for granted and rarely explicitly acknowledged or discussed), imprinting (culture is tied to the full history of the organization), plurality (the prevalence of subcultures), and interdependency (culture is connected to many internal and external elements of organizational life).

Sample

I study eight nascent technology-based companies (see Table E) for 22 months over the course of four waves of interviews. I use theoretical sampling to select cases that create comparison across

dimensions that extant theory and pilot interviews (32 total) indicate may be critical to understanding the focal phenomenon (Eisenhardt, 1989; Kellogg, 2011). I applied the following criteria in sampling. First, I sample new organizations to observe the process of culture emergence¹. This is important because informant recall improves when key events are more recent (Huber & Power, 1985; Ott & Eisenhardt, 2020). Also, studying very early-stage organizations reduces concerns of left-censoring, or omitting companies that failed before entering the sample. Second, I required that the founders were still present at each company at the study's start date (spring of 2021). As most theories about culture emergence point to the founder's pivotal role (Baron et al., 2001; Schein, 1983, 2004), I wanted to observe their direct impact.

The third selection criterion was companies with high growth potential (Davis & Eisenhardt, 2011) within a dynamic industry. This is important because key formational events profoundly impact nascent organizations (Carroll & Hannan, 2004), and observing more such events enriches the data. To increase the likelihood of selecting growing firms, I only considered firms that had secured external funding from angel investors, venture capitalists, or a prominent accelerator, and had at least eight employees. Funding represents an external validation of the venture's quality and potential (Islam et al., 2018). The limitation on workforce size is important because full-time employees indicate the organization has grown or is expected to do so soon. Further, the presence of employees helps assess whether non-founding early members influence an organization's culture as well as offers insider perspectives of the founders' influence. I sample from among software-based firms because the highly dynamic environment requires actors to change their strategy often to stay relevant (Young et al., 1996).

¹ Entrepreneurship scholars frequently impose maturity cutoffs when studying startups such as ten (Baron et al., 2001; Burton & Beckman, 2007; Hsu & Hannan, 2005) or seven years post founding (Autio et al., 2000; Bingham, 2009). My sample is even younger with an average of 3.1 years since formal incorporation when the study was initiated (the range is 2-4 years).

Additionally, software-based firms can typically scale faster and with less money than hardware firms, which encourages more culture-shaping decisions (DeSantola & Gulati, 2017).

----- INSERT TABLE E ABOUT HERE -----

Data Collection

The data comes from various sources including (1) quantitative and qualitative data from semi-structured interviews with early organizational members; (2) archival data such as press releases and articles found on Factiva, Crunchbase, and AngelList; (3) observations made while visiting some of the firm's headquarters; internal documents such as onboarding materials, meeting notes, employee handbooks, and mission/vision statements; (4) the companies' reoccurring employee engagement surveys, and (5) clarifying e-mails and phone calls to fill in gaps. Combining retrospective and real-time data is valuable because retrospective data presents multiple observations of the critical steps to forming a culture (enhancing theory grounding and external validity) while real-time data collection deepens the understanding of how events evolve and the role of each actor (improving internal validity) (Eisenhardt & Graebner, 2007; Leonard-Barton, 1990; Yin, 2017).

The primary source of data consists of 151 interviews over four waves, each separated by 6-7 months. This helped yield deep, proprietary, process-based data on culture emergence. At each firm, I interviewed all founders, 2-3 of the first hires (e.g., employees #1-10), and 1-2 employees hired shortly before the first interview. To capture changes within the company, I added a newer employee from each company as an informant at Wave 3 so I could compare joining experiences to those who joined a year earlier. Additionally, I attempted to interview at least one important outsider (e.g., advisor, investor, or spouse) at each firm. Choosing employees hired at different phases of the company's growth gives us a

view into different developmental periods, while outsiders provide yet another opportunity to triangulate data and understand how each company became its present form.

I use the ‘courtroom’ questioning procedure (Eisenhardt, 1989) and asked informants to recount specific behavior at key events. This approach invites open-ended narratives using non-directive questions that facilitate chronological recounting to help limit informant bias (Bingham et al., 2007; Huber, 1985; Miller et al., 1997). This also encourages respondents to provide their own temporal unfolding of key events as they exist in their memory. These “temporal brackets” are a key element of process theorizing (Langley, 1999). When I identified a culture-shaping event (e.g., an oft-told story, answers to “where did this value come from”, etc.), the semi-structured interviews provided the flexibility to dive into details that might otherwise be missed. As is typical for process studies, events, not variables, serve as the key unit of analysis (Langley, 1999; Mohr, 1982; Van de Ven & Huber, 1990). I had two types of interviews – for founders and others. The founder interviews consisted of two components: (1) background information on the firm and (2) their thoughts and efforts related to the company’s culture. For instance, I asked founders when they first thought about their company’s culture and when and how they sought to implement culture. I then probed about the existing culture and had founders explain how important cultural elements emerged and evolved at three different organizational phases: before the first hire, from 1-10 employees, and over 10 employees (at the study’s initialization, the median firm size was 12 full-time employees and the maximum was 65). In each period, they shared how the value evolved, how it was shared by them and others, and whether people resisted these efforts. The primary goal of the founder interviews was to assess the degree of leader intentionality in establishing a culture and to understand how the leader perceives the culture.

The goal of the interviews with non-founders was to gain visibility into the beliefs and values that drive behavior within the firm. These are the most important components of behavior but are the

most difficult to understand. They are perhaps best understood by digging into disparities between the espoused values and actual behavior (Schein, 2004). I explore disparities through three main questions. First, I ask respondents to explain how working at this company is different from other organizations they've experienced so I can understand more unique or strong characteristics of each company. Second, I focus on decision-making, a critical element of culture (Schein, 2004), and ask the respondents to explain how the organization makes different decisions (e.g., deferring to a leader, majority, unanimity, etc.). Third, I ask for elements of day-to-day life that stand in contrast to the leaders' description of the company's culture (e.g., being transparent, valuing all input equally, etc.). For each of these questions, I probe for illustrative examples. As informants described key cultural attributes, I ask additional questions about how these attributes varied at different organizational stages. To foster transparency, I promised each informant anonymity and confidentiality. I recorded and transcribed all interviews. To supplement unclear aspects of the interviews, I sent follow-up emails, conducted extra interviews, and triangulated interview data with observations and archival data.

Data Analysis

Consistent with multiple case inductive research (e.g., Cohen et al., 2019), I began my analysis by seeking a very broad understanding of organizational culture, especially in technology-based industries and new organizations. I read popular culture books written by successful entrepreneurs such as Ben Horowitz (2019), Reid Hoffman (Hoffman et al., 2021), and Reed Hastings (Hastings & Meyer, 2020), and many articles related to culture published in the startup-focused media (e.g., TechCrunch, LinkedIn). I attended prominent conferences for startups and listened to sessions hosted by consultants and entrepreneurs about creating a great culture in startups. I compared what I observed from practitioners with the extant research on culture in management and sociology (e.g., Alexander, 2003;

Hays, 2000; Kaufman, 2004). At the same time, I was actively interviewing the informants and noting major surprises and differences.

I then utilized the interview transcripts to compile case histories for each company in the sample (Eisenhardt & Graebner, 2007). Each case details the professional history of the founders, the events leading to incorporation, the hiring timing and philosophy, the venture's evolution, and a description of each internal document shared by the company. I used the interviews and company documents to identify the 6-10 strongly held and widely-shared values that best defined the company's culture (Chatman & O'Reilly, 2016). As typical of process-based studies, the unit of analysis in this study are not variables but events. Events can be very difficult to understand because they are spread over time and space (Pettigrew, 1992) and span multiple levels of analysis (Pettigrew, 1992; Yin, 1994). To better understand these events, I analyzed each transcript using first- and second-order codes based upon emerging themes (e.g., first-order codes of 'value communication' or 'identifying values' within the second-order code of 'proactively establishing values') (Gioia, Corley, et al., 2013; Maanen, 1979). After compiling and synthesizing the pertinent data, I began within-case analysis. This involved identifying the central influences responsible for each case's key cultural traits. I created figures and tables, integrating quantitative data when possible, to better understand how culture emerged at each company. I measured the key outcome, culture emergence, primarily by gauging the consistency across informants of the norms, beliefs, and values believed to be important across multiple informants. For instance, if informants within a company expressed significant variance when asked questions such as "What are the top criteria when evaluating a job candidate?" or "What was discussed in the last company-wide meeting? How useful was it? Why?", I noted that the culture was still in the process of emergence. Next, I began comparing similarities and differences across the eight cases. The goal of the cross-case analysis is to use replication logic to confirm and further develop the theories emerging from

each case (Yin, 2017). Overall, I followed an iterative process of cycling between the case write-ups, tables, transcripts, and documents containing notes about the emergent theories, and repeated this process for each of the four waves of interviews.

A PROCESS-BASED FRAMEWORK OF CULTURE EMERGENCE

The longitudinal data reveal a process by which culture emerges in new organizations. This process spotlights four choices founders make that influence culture emergence². Each choice influences either the rate of culture emergence (i.e., how quickly the norms, beliefs, and values become shared within the organization) or the strength of the emerging culture (i.e., the intensity by which the norms, beliefs, and values are held). The first choice founders make is whether to be culturally attracted or avoidant (defined in the following section). This element of emergence occurs before the formation of the organization and is shaped by the founders' conceptualization of culture. The next two choices integrate human capital with the founders' assumptions about culture. Founders decide to hire individual contributors or leaders first (Choice 2) and whether or not to hire for cultural fit (Choice 3). The fourth choice founders make which impacts culture emergence occurs when the organization is primarily concerned with operations (i.e., post-MVP, post-product-market fit, sufficient funding for short-term operations). Culture emerges differently based upon the founders taking a proactive or passive approach to managing the culture in this period. Even in this stage of the company, culture emergence continues to be shaped by the founders' earlier choices about cultural orientation and human capital. Table F illustrates how each choice impacts norms, beliefs, and values over time.

----- INSERT TABLE F ABOUT HERE -----

² This represents a “weak” process model – meaning the key events overlap instead of existing in a discrete temporal order (Cloutier & Langley, 2020; Langley & Tsoukas, 2016).

Choice 1: Cultural Attraction or Avoidance

An organization's culture exists in embryo even before the founding event. Extant literature suggests this stems from the founder's imprint (Beckman & Burton, 2008; Johnson, 2007). Expectedly, I find that profession (Baron, Burton, et al., 1999), prior work experience (Dokko et al., 2009; Higgins, 2005), and ideology (Tilcsik, 2010) contribute to the founders' imprint. Unexpectedly, my data uncovered a novel type of imprint that is particularly influential to culture emergence. My data show that each founder possesses a cultural cognitive referent – when they think about culture, they envision a specific positive or negative example of culture, or a set of cultural values. I label this imprint as a *cultural attraction* or *cultural avoidance*. I define cultural attraction as *building to* an identified culture. The referent culture envisioned by culturally attracted founders is positive and aspirational. By contrast, founders who are culturally avoidant *build away from* an identified culture. The referent culture in their minds is negative. They don't have clear aspirations for the type of culture they want but they do know what they *do not* want. Thus, one of *the first choices founders make that shapes how culture emerges is whether to be culturally attracted or avoidant*. This cultural orientation emerged through interviews with the founders and early leaders. Additionally, interviews with early investors and founders' spouses revealed top concerns and motivations before incorporating the company.

Culturally attracted founders readily detail specific cultural values or features that they want in their future company. They assume that creating a great culture is integral to the success of the venture. Most of the extant literature in theory and practice implicitly advocates cultural attraction. For example, Some scholars recommend that leaders have a cultural vision (Beer, 2012; Beer et al., 1990) while others (Cooperrider & Srivastva, 1987, 2017) suggest having a clearly defined cultural “dream” or “ideal”. Several founders in my sample demonstrated cultural attraction – see Table G. The founder of AdCo listens to entrepreneurship and management podcasts on his daily commute and reads several

articles each week on websites such as FastCompany and Inc. When asked where he got his inspiration for company values, he reported having two “cultural muses” – Ben Horowitz and an organization of entrepreneurs promulgating Christian values. He said that writing the company’s core values and mission was “one of the first things I ever did,” and that “pretty much from day one, I knew that culture would be very important to us.” Written on all job postings is “AdCo believes culture is one of the strongest predictors of success for a startup.” The founder of EdCo adopted the company’s first investor as a very close mentor. Before making any sales or hires, the founder asked the investor for advice about creating a culture and was told to choose three one-word values – he chose Passion, Priorities, and Perspective. In multiple interviews, he expresses aspirations to be like specific successful companies and founders within his industry. A HealthCo founder started envisioning the culture of his future company when he joined the leadership team of a large company. He said, “That’s when I really started being thoughtful and intentional about how I wanted to operate and lead, and ... what that culture looks like.... I really developed it pre-HealthCo.” An early HealthCo employee described this cofounder’s approach during the first months of the company as “super culture-oriented. He was like, ‘What are all the best practices? What are people doing?’” Similarly, one of ToothCo’s founders said, “So literally, the first thing I did was, I created our core values, I created our mission statement.” The values came from his time as a U.S. Army Ranger (e.g., “hold the rope”) or athlete (e.g., “never be satisfied”, “team first”).

----- INSERT TABLE G ABOUT HERE -----

Culturally avoidant founders do not aim to adopt idyllic values. Rather, they articulate what cultural attributes they want will not tolerate. These aversions may stem from previous work environments or distaste for certain work styles based on the leaders’ personalities. The founders of several companies in the sample took this approach. For instance, the founders of QualCo spoke to each other about their dislike for controlling managers they experienced as employees of different MNCs.

They committed to not creating such an environment – “The type of culture we want is the very opposite of micromanagement,” says a cofounder. Relatedly, the cofounders of DevCo worked for a toxic CEO at a prior company and did not want to create a similar environment. A cofounder recounts that the CEO “favored older people, he would call them gray-hairs.... Part of the problem with that company was we never failed very much because our CEO couldn't focus. We called it shiny object syndrome.” The cofounders resolved to be much more experimental and treat everyone with respect. They started the company with one rule – “No a**holes.” Regarding creating a culture, one cofounder said, “I don't think we had an explicit plan. We knew a lot of things we didn't want from our previous experience, and so I think we subconsciously worked around those things quite a bit, but we didn't set out to say like, ‘We want this to be a company that embodies A, B and C.’” Similarly, CloudCo’s founder was previously employed at late-stage startup that didn’t give the software engineers the autonomy to realize the product’s full potential. He shared, “I had challenging workspaces and bosses and I told myself, ‘I’ll never do that.’” When starting CloudCo, he was committed to optimizing the product and preventing bureaucracy from stifling innovation. A senior leader describes this lasting effect by saying, “[At 120 employees,] we’re still an engineering-focused company... we’ll always be engineering-focused.”

How does building to or away from a referent culture influence the process of culture emergence? My sample suggests that this choice impacts the rate of culture emergence – principally through the specificity conveyed by the founder. The referent culture, values, or behavior that culturally avoidant founders build away from tend to be *specific*, a critical element for successfully transferring ideas throughout an organization (Hargadon & Douglas, 2001). Just as shared failures shape future behavior within an organization (Madsen & Desai, 2010), these negative cultural elements have associated stories that communicate nuance. For example, DevCo’s original rule of “no a**holes” communicated specific behaviors to avoid (based on stories of the prior CEO) while giving employees

autonomy in most behavioral aspects. Interestingly, by starting with a specific reference point, organizational members can apply the concept to other areas. The original idea, therefore, becomes more general but retains significance (Bingham & Eisenhardt, 2011; Bingham, Howell, and Ott, 2019). At DevCo, this occurred in Year 2 when the leaders hired a lazy software developer. Soon, employees became suspicious of each other because they didn't know who was slacking. The founders fired the poor performer and replaced their original rule with "assume positive intent." This captured the original resolution to not act like the founders' prior CEO ("Part of that was also learned from our previous CEO... where he always attributed everything to malice"), and the lesson learned from the poor hire.

Culture emerges more slowly when founders are culturally attracted because the idealized culture is not grounded in the organization's own experience. It therefore lacks personal stories and specificity. The abstract nature of the norms, beliefs, and values espoused by the founder are difficult for new organizational members to understand and integrate into organizational routines (Feldman, 2000; Nelson & Winter, 1982). Culture emerges when norms, beliefs, and values are widely shared. Thus, while culturally avoidant founders quickly disseminate key norms, beliefs, and values, culturally attracted founders miss this opportunity and instead seem to sow more confusion. For example, the aspirational values identified by AdCo's founder were vague despite having detailed descriptions. Employees read the founder's description of the values "beautiful" and "polish" but didn't know when to stop wordsmithing emails or tuning slide decks. An informant reported that the founder asked him multiple times to write emails that were "more beautiful," but struggled because the values were "almost ethereal... [the founder was] trying to capture almost instinctual things rather than things that are maybe more tangible." Similarly, one informant at HealthCo recalled seeing values on the company website after first joining and thinking they were generic, "It's almost like... they're everyone's values. Things along the lines of, 'We're dedicated, we're expert, we're an engaging app.' I don't know." In summary,

norms, beliefs, and values become shared at a faster rate when they are specific and story-based (cultural avoidance) rather than idealistic and abstract (cultural attraction).

Interestingly, the founders' choice to be culturally attracted or avoidant, though made before any hiring decisions, seems associated with employee engagement and satisfaction. I observe that employees hired by culturally avoidant founders are encouraged to engage in the process of cocreation (Elsbach & Stigliani, 2018; Rouse, 2020), whereas joiners in culturally attracted companies encounter pressure to conform to whatever norms, beliefs, and values the founder has chosen to idealize. Culturally avoidant founders seem to welcome new norms, beliefs, and values while culturally attracted founders interpret this newness as deviance that should be constrained. One employee expressed gratitude that DevCo's founders were culturally avoidant. He shared: "That's why people join startups, you wanna help grow, you wanna help build, not just [i.e., be a cog in an organization].... I think that culturally, something that is key is not having such a rigid kind of structure where people stay between the lines. You have to give them the freedom." In contrast, employees valuing autonomy and creativity can resent their lack of influence in companies with a cultural attraction. For instance, twice at AdCo, highly skilled and productive employees tried to get the founder to modify his vision of how the company should operate. The founder appeared to welcome their feedback but continued doing what he wanted. Both productive employees left the company and took others with them. Overall, the founder's imprint appears stronger when they are culturally attracted whereas the culture in culturally avoidant companies incorporates the imprint of early joiners.

Choice 2: Hire Leaders or Individual Contributors

My data show that founders next influence culture emergence as they construct the organization's human capital. A key component of human capital is hiring. I find that founders make two hiring decisions that impact culture emergence. First, *founders prioritize hiring leaders or*

individual contributors. I classify leaders as members of the SLT (common titles beginning with Chief, Head, and Director), and all others as individual contributors (e.g., middle managers, entry-level employees). I assessed the founders' hiring strategy by collecting the start dates of senior leadership team (SLT) members, comparing how founders found their employees, and learning about the roles of the first 20 employees of each company. Some founders aim to construct their SLT as soon as possible. These founders believe that experienced leaders accelerate the growth of the business and provide insight unavailable to individual contributors. They attempt to hire leaders as early as they can afford to. This strategy aligns with research on mitigating the liabilities of newness which suggests that early leaders establish routines that improve the firm's survival prospects (Aldrich & Fiol, 1994; Stinchcombe, 1965; Yang & Aldrich, 2017). Other founders appear to instead prioritize hiring individual contributors. They see SLT members as critical to designing and leading a large organization and envision hiring such leaders when they need to scale. However, the immediate concern for these founders is attaining product-market fit as quickly as possible. Thus, founders who hire individual contributors first do so because they want all resources funneled to creating, testing, and updating the product based on the feedback of trial customers.

Several companies in the sample take the approach of hiring leaders first (see Table H). For instance, HealthCo received a \$20M seed investment and immediately sought to create an all-star leadership team. At incorporation, the company had 13 employees, eleven of whom were SLT members. All possessed extensive corporate leadership experience and advanced degrees from prestigious institutions. Investors were impressed by the quality of the team and joked with the founders, "This is a lot of horsepower ... [before] you even have a customer." The founders were very intentional about bringing together leaders from two industries, entertainment and healthcare, to create a new category. "This is part of our secret sauce," says a founder. These leaders were given full autonomy to create their

own organizations. At AdCo, six of the first 20 hires were senior leaders. The founder's only regret is not hiring them sooner because they "added a lot of credibility." EdCo's founder also chose this strategy but implemented it differently. He intended to use as little external funding as possible and thus did not hire experienced (and expensive) senior leaders. Instead, he gave less-experienced but ambitious employees impressive titles and positions on the SLT with the hope they would grow into the position. He felt that giving these positions helped to convince people to join his company. Extant management research suggests that prioritizing senior leaders is a common hiring practice for new firms seeking legitimacy. For instance, a new advertising agency in Khaire's (2010) sample had 300 employees, 245 of whom had the title of "vice president."

Other founders hire almost exclusively individual contributors who are immediately tasked with executing – building the product, generating sales, engaging in customer support, or similar roles. These founders know that senior leaders are important but believe their influence is more appropriate when the company is more developed. For example, QualCo has exclusively hired individual contributors who work directly on the product. A cofounder says, "once we are sure we have product-market fit ... we might hire some senior leadership team [members]... I see ... formalization of senior leadership roles [being appropriate] as we scale, probably above 25 employees ... according to needs and growth of the business and team." At CloudCo, the first senior leader was employee #22 and the first 16 employees were software developers. DevCo's first investor told the cofounders, both engineers, that his deal was contingent upon hiring a business development leader with extensive startup experience. After this hire, the next 22 employees were individual contributors (four in sales and customer support, eighteen engineers). With the three leaders (founders included) each directing teams of 5-8 individual contributors, the company rapidly achieved product-market fit by conducting 1000 interviews and multiple A/B tests.

----- INSERT TABLE H ABOUT HERE -----

How does the choice to prioritize hiring leaders or individual contributors influence culture emergence? My data suggest that hiring leaders first accelerates culture emergence. I find that early leaders feel compelled to create behavioral norms, an element of culture, shared amongst organizational members. For example, early leaders surprised ToothCo's founders as they created many formal practices and policies. A founder remarked that the chief people officer was "trying to make us a Fortune 100 company with all our different structures." Even after this leader's departure, the company continues to utilize certain practices that she implemented (e.g., using a Slack channel, #kudos, multiple times daily to recognize employees modeling the company values). The founders in my sample who hired leaders first did so in part to leverage behaviors that had helped other organizations be successful (Yang & Aldrich, 2017). Unknowingly, this choice also helped culture to emerge faster in these companies due to members consistently acting in accordance with the proscribed behavioral norms.

When founders instead construct their human capital by first prioritizing individual contributors, the culture tends to emerge more slowly. However, my sample suggests that this is not necessarily a problem. In fact, this approach may be preferable because it facilitates greater alignment between the company's eventual culture and strategy. This appears to happen because early leaders tasked with creating structures and routines meant to accelerate growth must anticipate unknown details about the future product, customers, and business model. As a result, behavioral norms may be inappropriate. For instance, during the first year at HealthCo, a team of nearly 100 contracted developers was building the product while the senior leaders designed organizational structure. An informant reported that the leaders "Created the structure without waiting [for the product's development and without knowing that it] ... may or may not be the right [path] based on how the business needs to evolve." As the product changed in unanticipated ways, some pre-built structures became suboptimal or irrelevant. In Year 3, the

company spent significant time and financial resources to deconstruct much of the original structure (e.g., reporting flows, software architecture, etc.) and create routines and policies tailored to the final product. Extant research on liabilities of newness suggests that hiring experienced leaders helps the nascent organization because they impose routines important for survival (Yang & Aldrich, 2017). However, this research does not consider that these routines may be detrimental to the company if they are ill-suited to the new organization or imposed prematurely. My research indicates that early leaders may also bring liabilities of maturity to new organizations. Thus, even though hiring individual contributors first may delay culture emergence, this approach can be advantageous because this gives the organization flexibility to engage in search and make strategic pivots if necessary (Kirtley & O'Mahony, 2020). After settling on a strategy, culture can emerge in a manner that aligns with and reinforces the strategy (Harrison & Carroll, 1991; Van Den Steen, 2010).

My sample suggests that a founder's choice to hire leaders or individual contributors first seems to impact culture creation via communication within the company. I find that hiring leaders first encourages organizational silos. For example, informants at HealthCo reported that the company was surprisingly siloed for only being two years old and having 50 employees. From the beginning, the senior leaders hired employees into their divisions, and each division matured in relative isolation as software developers honed the product. These teams did a significant amount of work before the product was fully developed or was serving many users. As the company prepared to launch its first "jumbo client" (potentially increasing its user base by 20x), departments were scrambling to integrate with the other units. A cofounder said, "I was seeing cracks from that boil up in readiness for [large new client], and of course that's a huge no-no. And so we really hit a reset." This finding corroborates prior work illustrating the risks of organizational silos in new organizations. For example, Ott & Eisenhardt (2020)

find that companies find it difficult to grasp the bigger picture of their opportunities and environment if they split up responsibilities early.

Alternatively, all employees in companies that prioritize individual contributors are builders and operators working jointly on the same short-term goal of attaining product-market fit. In effect, these organizations tend to experience more organic organizational growth – the functional units, such as marketing, engineering, and customer service, expand in lockstep as dictated by progress in attaining product-market fit and starting to generate revenue. The business units are forced to collaborate from the very beginning and do not experience painful integrations later. For example, at CloudCo, two senior leaders joined the company as employees numbers 50 and 60 when the company already had several major clients and \$20M in annual revenue. These leaders were extremely valued because they provided the insight necessary to create the structure and routines that the company then needed. The company had achieved product-market fit and the functional areas were working interdependently. However, the individual contributors had reached capacity and needed help scaling. An employee described the impact of the new senior leaders by saying, “Culturally, [these leaders] completely changed how the company operates. I think, culturally, it turned us into a ‘company’, where we were a ‘start-up.’”

Choice 3: Hire Culture Fits or Culture Adds

A third choice founders make that influences culture emergence is *whether or not to hire for “cultural fit.”* Hiring for cultural fit means the company tries to match candidates’ personal values with the company’s or select candidates who will get along with others inside the company (Epstein, 2021; McCord, 2018). Founders who hire for cultural fit often include values on job postings that each candidate should demonstrate. After interviews, the managers score the candidate according to these values. Such an approach is the prevailing wisdom among practitioners. For instance, Techstars cofounder Brad Feld advises founders that “it’s always better to choose cultural fit over competence”

(Feld, 2012). Other founders who hire for cultural fit think less about value congruence but prioritize similarities in personality or background. They tend hire those who went to the same schools, belong to the same religious or demographic groups, or have similar work experience (Elliott & Smith, 2004; Gorman, 2005)³. The other set of founders in my sample do not hire for cultural fit. Instead of emphasizing values, they prioritize abilities and experience when hiring. They either don't consider culture or aim to hire what one informant called "cultural adds" – i.e., people who exhibit traits that will challenge the organization's status quo. These founders don't hire those who appear different at first glance. They consider what the current norms are within the company and look for those who think differently. For instance, if the company has too many "inside the box" thinkers, they seek those who are prone to produce outlandish and unrealistic ideas. They also make sure that these different newcomers are empowered and are not pressured to do what has typically been done within the company. I measured whether founders hired for cultural fit by looking at job postings, inquiring about the internal discussions held after a candidate finishes interviews, and asking founders what they look for when hiring.

Several founders in the sample hired for cultural fit – see Table I. AdCo's founder prides himself on not lowering his standards just to fill a needed role – he waited 10-12 months to find the ideal leader three different times. All job postings at the company conclude with "Strong contributors to AdCo's culture will exhibit the following characteristics," followed by seven personality traits. This founder, a devout Christian, also hired people similar to him by sourcing many candidates from a job board hosted by a Christian entrepreneurship organization. A former employee reported that "We needed everybody to check every box when we hired."

³ By necessity, most ventures start with a group of friends. In fact, some investors interpret the lack of pre-existing relationships as a "vote of no confidence. It probably means the founder couldn't talk any of his friends into starting the company with him" (Graham, 2006).

The founders of SpyCo also hired for cultural fit. For them, the best way they knew how to optimize cultural fit was hiring from their prior networks. They believed that posting jobs to the general public was inefficient and surfaced “a lot of duds.” A cofounder said, “Our focus has always been on high performance, high efficiency across the entire business, and so we just... take more of a sniper approach than a shotgun approach.” At the beginning of this study, 34 of the 36 employees had prior relationships with a cofounder. Two of the founders hired about ten employees each from a previous employer. “It’s really easy to hunt from that rolodex,” says one founder. From the perspective of growth, the founders have no regrets. The CEO shared, “I think this [hiring approach] has been one of the reasons why we’ve had the success and the camaraderie and the culture that we have today – we’ve been bringing in known quantities, both on a talent level and skill level.” This optimized growth because “there was none of that lag time to let me get to know you, of how do I communicate with you.”

Alternatively, several founders in the sample hired culture adds. The founders of DevCo made very few hires from their network— more than half of the first 30 employees had no connection to any employees within the company. They found employees by talking to investors, posting jobs on national careers sites, and using an external recruiter. Though they preferred candidates who could work in one of their two U.S. offices, they also hired remote employees to find more diverse talent. Their top priority when hiring was finding someone who had executed the needed role in a prior startup. They did not evaluate culture. The leaders wanted to signal the importance of diversity of thought so they instituted the practice of having non-SLT members present at board meetings. “It gives them [non-leaders] the exposure, it gives them the opportunity,” reports an SLT member. The investors “love getting to know who’s making this happen.”

Similarly, CloudCo does not explicitly ask about candidates’ personal values when hiring. Instead, the leaders designed the interviews to showcase candidates’ abilities and how they responded to

difficult situations in the past. A senior leader shared that the only personality trait they screen for is “Are they a jerk?” At HealthCo, the founders balance three priorities when hiring. A cofounder explained, “Everybody has to have a high bar on talent and ... be good to be around... A person could be really good at their job, but they’re an a**hole. That doesn’t work for us. So that’s on a person-by-person basis. And then there is a macro consideration of – we need diversity in the organization. We need to look like our members. Diversity adds a lot of value.”

----- INSERT TABLE I ABOUT HERE -----

How does hiring for cultural fits or adds influence culture emergence? Hiring for cultural fit seems to accelerate culture emergence because of homophily. The literature on homophily demonstrates how similarities yield attraction (Lazarsfeld & Merton, 1954) and are fundamental to making judgments about merit (DiMaggio, 1987; Lamont & Molnár, 2002). Extensive research shows that hiring is a process of cultural matching. Even elite professional service firms tend to hire “enjoyable playmates” rather than seeking to optimize ability (Rivera, 2012). This attraction to similar others increases the likelihood that members share the same values (Tajfel & Turner, 1986). Therefore, the norms, beliefs, and values of the first employees are likely to be consistent with those of the founder (Neckerman & Kirschenman, 1991). This hiring strategy seems to be a way to quickly establish a culture because the initial values are almost immediately shared by most organizational members. This is demonstrated in the sample. At AdCo, most employees had similar values and perspectives. The leaders’ personalities are surprisingly similar to the founder. For instance, the founder created a document about “how to write a great email” complete with screenshots and a scoring rubric while one of these leaders independently wrote an esoteric document about the proper use of spreadsheets. EdCo’s founder also prioritized cultural fit and hired most early employees from his Christian alma mater. Most employees looked the

same and had similar backgrounds. These employees quickly appreciated each other and the founder's vision. One reported that "It felt like we were in college and working on a class project together."

Hiring cultural adds appears to delay culture emergence because there is greater variation in beliefs and values. However, my data suggest this can be beneficial, not detrimental. Culture adds foster the heterogeneity conducive to greater innovation (Østergaard et al., 2011), decision making (Robert et al., 2018), and employee engagement (Downey et al., 2015). Conversely, homogenous thinking, fostered by hiring culture fits, limits exploration by encouraging premature convergence during search (Gupta et al., 2006; March, 1991; Sørensen, 2002). One example of this is AdCo. In the rare instance that AdCo employees disagreed with the founder, they felt "a bit neutered in what type of feedback we could really give." A senior leader voiced his concern about hiring culture fits when he said, "It can breed too much homogeneity, and I think if everyone we hire ascribes to these six values or whatever it is, then we're not gonna have a very diverse team." Thus, while some research advocates hiring based on cultural fit to optimize person-organization fit or person-culture fit as a retention mechanism (Kristof, 1996; O'Reilly et al., 1991; Sheridan, 1992), my data reveal that this practice can quickly result in detrimental levels of homogeneity in new organizations. By contrast, my data also show that those hiring culture adds do not simply use race, gender, or ethnicity as a proxy for diverse thought. They care more about how candidates see the world than how the world sees them⁴. Thus, while hiring culture adds may subtly slow culture emergence, it fosters the emergence of a culture that embraces diversity of thought.

⁴ ToothCo represents once example of the perils of using demographics as a proxy for diversity of though. From the beginning, the founders prioritized hiring employees from underrepresented groups. While on paper the company looked like the model of diversity for a tech company (e.g., one founder was a panelist in a session on diversity at a startup conference), multiple employees reported a lack of inclusion. An employee explained a period when "the s**t hit the fan.... we brought in some people who I identify as the 'onlys', the only mom, the only Black person, the only Hispanic engineer. And the intention was to create a very inclusive environment, but ... it went really sour and we had four people leave pretty quickly, some were let go, some chose to leave. That was intense. I'm laughing about it now, but I was in tears during it."

My data also show that the founder's choice to hire culture fits or adds seems to influence culture emergence by impacting the level of belonging within the company. SpyCo mostly hired employees that came from the same prior company. They frequently used jargon from the prior company to simplify communication. However, once the founders exhausted their personal networks and began to hire more broadly, external hires struggled to feel like equals because they were not one of the two "mafias". One perceived outsider remarked, "Those people from [cofounder's former company] aren't as smart as they think they are." HealthCo also illustrates the effort required to counter the homophily that results from hiring culture fits. Seeking diversity became a core focus of HealthCo because they wanted to balance their homogenous leadership team. A cofounder explained:

One of the tradeoffs when we started was a disadvantage because it happened to be that a lot of the folks that were on the team on day one all look like each other. We're not head in the sand about that, and so we have to work over time, even at the senior levels to really expand our diversity.... The one opportunity we did have was at the board level... we got a phenomenal [board that has a perspective] that is different from ours, and just a more diverse view and diverse individuals.

To become more inclusive, the company hired a diversity consultant and invited all employees to take the multi-week course about bias and privilege. They also restructured their recruitment practices to target schools and organizations with diverse membership. The company partnered with these organizations to provide financial support and mentorship. After the company's many efforts over two years, employees reported feeling a high degree of belonging. A common comment in the most recent quarterly engagement surveys was "I've never been in an organization that actually takes DE&I so seriously."

Choice 4: Passive or Active Cultural Management

A fourth choice that influences culture emergence occurs when founders utilize their first hires to start generating revenue. As organizations grow, founders continue to construct the human capital (Choices 2 and 3), but daily operations become a primary focus. Entrepreneurship scholars frequently use this point to identify when startups transition from exploration to scaling (e.g., Lee & Kim, 2022; Tidhar & Eisenhardt, 2021). In this stage, the company typically has adequate short-term funding, relative product-market fit, and a minimum viable product. When the company first starts to scale, *founders influence culture emergence by choosing to actively or passively manage the budding culture*. Those who manage culture actively in this stage regularly talk to employees about the company values⁵ and may update the formal values regularly. These founders care that their employees can name and describe the company values. Others manage the process of culture creation passively. Although they believe culture is important, they don't think it is a top priority for a company struggling for survival. Instead, they focus almost exclusively on honing product-market fit and generating revenue. They may have identified formal values but tend to talk about them only when problems arise. They tell themselves that they will more actively manage culture when the company is larger. I assess the founders' proactivity to manage this process by asking joiners when and how often the founders talk about culture, when and how they see or hear about the company values, and the degree to which they can tell me from memory about the values. Similarly, I ask founders when they think and talk about culture, when and why they last updated the company values, and their beliefs about the importance of formalizing values. Lastly, I study company documents to note and compare different versions of company values and mission statements.

⁵ Although the founders' approach to managing culture creation (Choice 4) and their choice to be culturally attracted or avoidant (Choice 1) are correlated in the data, these are different constructs. During Choice 4, founders shape culture creation by their ongoing *actions* while operating the business, not their initial cultural *orientation* (Choice 1). In other words, while Choice 1 captures *how founders theorize about culture*, Choice 4 considers *how they try to establish culture*. Additionally, HealthCo represents one example of starting the company while culturally attracted but later not managing culture emergence actively as do the other culturally attracted founders.

Many founders in the sample chose to manage culture emergence actively – see Table J. Extant literature on intentional culture change suggests that implementing a new culture in an existing organization requires great effort and focus (Corley & Gioia, 2004; Fiol, 2002; Pettigrew et al., 2001). The popular business press reiterates this view. For example, Toyin Ajayi, CEO of Cityblock Health, warns, “If you don’t intentionally build a culture, it will happen around you” (Rockwood, 2020). Consistent with this approach, after waiting a few years until the company hired 20 employees, AdCo’s founder spent substantial time updating the original set of core values. He engaged the whole company, especially the leadership team. All employees completed surveys to share their feelings about the former values and provide ideas for new values. The founder shared a document with the leadership team and regularly sought feedback on new drafts of the values. The end product is an attractive eight-page document with a descriptive paragraph and three “companion values” for each of the six company values. During each bi-weekly all-hands, an employee is cold-called to walk everyone through the values. The founder believes that having seven values is ideal but is waiting for the company to hit ~100 employees before solidifying this last value.

Similarly, the founders of ToothCo regularly assess the company culture and modify the company values. One founder created the first version by himself when he was the only employee. In Year 3, the cofounders engaged their six employees to create new company values. An early employee said, “We just talked about different traits of each other that we really liked, that we would want to emulate.” Six months later, the company had 13 employees and a cofounder felt the values needed another update. This time, the SLT identified the values and then shared them with the employees. One year later, the founders worked with a consultant to identify cultural weaknesses and implement new values. In addition to frequently updating the core values, the founders talk about culture and values

routinely in company meetings. The founders track the frequency of the values being tagged in Slack and routinely remind their employees to reference the values more often.

Other founders in the sample avoid spending time writing or talking about culture. They passively, not actively, manage culture. For example, CloudCo first discussed company values in Year 2 when they had 80 employees. The leadership team identified four of the best attributes that characterized the company. Each value had a simple two-sentence description. Leaders shared the values with the company during a quarterly all-hands meeting but only discussed them once in the following year. One employee shared that formal values seem less important because “We trust that every individual knows exactly what they’re responsible for. So we just let people choose how they wanna come in, how they wanna work.” When I asked an early employee if the company has formalized core values, he chuckled and responded “I know they exist, but I can’t tell you what they are or how many there are.” These employee reports provide credence to the founder’s stated approach to cultural management early in the scaling phase of the company. “[Culture] wasn’t a huge priority.... What I did have in mind was that I wanted to make sure that this team works really well together, that we’re having fun, we’re enjoying each other, and not just building the product. That has always been there on my mind – I wanna make sure this is a team that is excited and happy and loves what we do.”

The founders of DevCo also take a passive approach to managing culture as their venture scales. The founders had their first conversation about company values in Year 3. They identified three values but they were not elaborately defined nor were they heavily emphasized over the next year. At the end of Year 4, the Engineering and Product teams had a series of disagreements that caused the company to delay a feature launch. At this point, the founders determined that adherence to the company values could resolve the conflict. One founder created a simple three-slide deck explaining the values which he

shared at the next quarterly all-hands meeting. Informants recall this event as the only time they heard the founders talk about culture or values.

----- INSERT TABLE J ABOUT HERE -----

How does a founder's approach to managing culture influence the process of culture emergence? My data suggest that this choice impacts the strength of the developing culture. In strong cultures, the norms, beliefs, and values are widely shared and strongly held, but with greater intensity than in an average organization (Chatman & O'Reilly, 2016). The literature on culture frequently makes the normative assumption that strong cultures are good because they can lead to greater performance in stable environments (Sørensen, 2002) and increased cognitive and behavioral uniformity (Goncalo & Staw, 2006). Founders who manage culture actively appear to create stronger cultures due to attrition and attention. By frequently talking about company values and using them when giving recognition or evaluating performance, founders signal to their employees that the values are paramount. Some employees buy-in and appreciate this approach. Those who don't tend to leave. Thus, the remaining employees have a unified appreciation for the values and hold them deeply. A high-performer at AdCo demonstrates the influence of both attrition and attention. Within his first year, he became annoyed and apprehensive that the founder spent six months and circulated over 20 iterations of the new company values. After quitting, he reported:

I think [the founder] just doesn't think enough about the money side of the house, and I think he really likes the other stuff [i.e., culture]. I felt like AdCo was moving multiple steps too slow because we were spending time doing these internal things that have value, but I thought were either over-emphasized or just pulled forward too far. Like, things we could have been doing six months from now, or 12 months from now after we were a \$5 million company, we were doing

when we were \$1.5 million company. I just think [values] were too emphasized for all of the other battles that we were kinda fighting at that time.

Founders who manage culture passively seem to create cultures that are not as strong, at least in the early stages of the company. However, this may be preferable because my sample suggests that the emerging cultures can be *too* strong (Corritore et al., 2020; Garvin, 2014; Saffold, 1988). Founders who manage culture passively believe that culture becomes more important and powerful when companies are large. Accordingly, they choose to defer a focus on culture as their company begins to scale. As they envision their companies as large organizations, they want culture to be a great resource. However, temporally, culture is less important than proving they can generate positive cash flow (i.e., product-market fit, optimizing the product, scaling customer growth). For instance, the founders of DevCo achieved product-market fit faster than the other founders in the sample while managing culture passively. One founder explains:

Culture is not a thing I think about too much at this phase; I focus on hiring people that I don't think are terrible people. I guess we're building an MVP culture. If I hire good people, that I like, that I think are working on the right things, have the right passion, and aren't toxic, eventually we can figure that out and turn that into a culture. But especially right now because we are so small, it's really hard to put broad, guiding principles that will probably work as we grow to a 1,000-person company. So it seems it's something I think about when bad things happen, but it's probably not something that I try to actively shepherd because it comes up so rarely.

The attention-based view of the firm argues that superior management stems from directing its limited resources to the most strategically critical activities (Joseph & Wilson, 2018; Ocasio, 1997) and seems to reinforce this point. Founders managing new organizations may be better off allocating nearly all organizational attention to survival.

More broadly, the choice to actively or passively manage culture seems to impact culture emergence by shaping the degree of psychological safety and authenticity within the organization. Psychologically safe environments improve decision-making (Bradley et al., 2012; Edmondson, 1999) and encourage ethical behavior (Walumbwa & Schaubroeck, 2009), while authenticity enhances employee commitment (Walumbwa et al., 2008) and reduces burnout (Wong & Cummings, 2009). Founders who manage culture passively empower their employees because they are open to variance. For instance, a senior leader at DevCo illustrated the company's openness to variance: "I want failure. Because failure means they're experimenting, they're pushing, they're trying something different." An early employee at CloudCo explained how appreciated he felt when others in the company encouraged him to recommend changes. He made some suggestions "And they got implemented. And that felt really good So, yeah, right out of the gate, my opinion was respected. And not blindly accepted, but I had a voice in the company, which is pretty cool." On the contrary, those managing culture actively try to reign in deviations from the values they espouse. ToothCo demonstrates this. The latest iteration of company values was partially motivated by the founders feeling that the employees lacked the thick skin required to receive unsolicited feedback. A founder reported that "One of the things we [added] is our ability to ... be able to give candid feedback." The founders then felt they had grounds to dismiss those who take correction personally because they weren't living the company's values.

DISCUSSION

While much is known about the importance of culture, very little is known about how it emerges. I designed this process-based inductive multiple case study expressly to augment extant theory. In doing so, I answer several calls for research. As noted by others, culture scholars typically start studying organizations after culture has already formed (Ehrhart et al., 2014). Instead, I select embryonic ventures so I can witness the process of emergence. Also, in response to DeSantola & Gulati (2017, p. 658,

emphasis added) who ask that researchers “examine cultural processes within *growing ventures*... to investigate the genesis and development of organizational cultures,” I follow these organizations over 22 formative months. While their review highlights contrasting narratives about new ventures being both inertial and flexible, I help clarify this juxtaposition by proposing key inflection points at which a new venture’s culture can take different and lasting forms. Though I only study new technology-based companies, other organizations have founders and face similar challenges of recruiting members, gaining legitimacy, and fulfilling their mission. I expect that the overall similarity between new ventures and new organizations broadly will cause these findings to generalize well to other contexts.

I propose that culture emerges in new organizations based on key choices made by the founders. Although prior theory suggests that founders influence the organization’s culture (Baron, Hannan, et al., 1999; Schein, 2004), I extend this theory and offer empirical evidence showing *how* this happens. In doing so, I provide a process-based theory detailing founders influence on culture. Specifically, I propose that founders make four key choices that impact how the culture emerges. First, founders identify a referent culture to build to (cultural attraction) or away from (cultural avoidance). While extant literature often suggests the merits of cultural attraction, I propose that founders may instead want to be culturally avoidant. Counter to prevailing wisdom, culture emergence may be accelerated by culturally avoidant founders. When building away from a negative culture, founders utilize content-rich stories that communicate much greater specificity than the abstract values idealized by culturally attracted founders.

Second, founders decide whether to hire individual contributors or leaders first. Prior theory advocates hiring leaders to mitigate liabilities of newness. However, prior researcher fails to consider how this strategy impacts culture. I find that hiring leaders first accelerates culture emergence. Founders might want to be wary of this approach because the culture can emerge faster the organization’s

strategy. In this way, early leaders can also represent liabilities of maturity – they frequently implement behavioral norms that were appropriate in their prior large organizations but perhaps not ideal for the new organization. Instead, hiring individual contributors first slows culture emergence, but this choice may be preferable because it facilitates greater alignment between the strategy and emerging culture. As individual contributors focus on building the product and generating revenue, the culture and strategy emerge organically and interdependently.

Third, founders choose whether to hire culture fits or adds. Ample evidence suggests that hiring culture fits can increase person-organization fit and person-culture fit. I extend our understanding of this practice by suggesting that it also encourages culture to emerge at a faster rate. However, I also suggest that hiring culture fits can quickly lead to high homogeneity that is difficult to counter as new organizations grow. Hiring culture adds may be a preferable strategy for founders wanting to optimize search, engagement, and innovation. My findings support and extend the model-generated theory proposed by Van den Steen (2010) that hiring similar others as first employees leads to overly homogenous organizations because homophilous behavior creates an insider/outsider experience for members.

Fourth, founders choose how proactively to manage culture in the emergence period. The literature on intentional culture change advises leaders to expend energy curating the organization's culture. While actively managing culture may encourage the development of a strong culture, the resulting culture may be *too* strong. I find that founders who manage culture experience unhealthy levels of attrition as they lose high performers who feel increasingly alienated by the strengthening culture. Thus, my study suggests a boundary condition for research on culture change – these best practices seem less helpful for new organizations. Instead, founders might want a weaker culture in exchange for focusing all available resources on elements that can immediately imperil the organization. By

temporarily tolerating an “MVP culture,” founders can allocate greater resources to optimizing the product and cash flow.

To the literature on leaders and culture, I contribute enhanced theory about *how* founders impact culture. Broadly, it appears that founders impact culture creation in a manner mirroring abduction. Abduction is “the process of forming an explanatory hypothesis” (Peirce, 1903, p. 216). Each founder in my sample possessed a cultural referent which provided them with a plausible theory linking norms, beliefs, and values with a culture they did or did not want to create. From this beginning, the founders engage in a continual cycle of testing and developing new ideas about the causal relationship between their actions and the organizational culture. The practices that appear to lead to success prompt replication while failure leads to new search (March, 1991) or failed leadership that is forgotten (Schein, 2004). When faced with adversity, I witnessed the founders respond by changing their behavior. For instance, hiring a low-performing employee frequently prompted founders to add the dimension of poor performance (e.g., not taking ownership) as a filter for future hires. When founders recognize a negative implication of their company’s emerging culture, they try to explain this unmet expectation by working backward to create a plausible world view that explains the surprise (Van Maanen et al., 2007) – the founders go forward with a new conceptual view of the empirical world (Suddaby, 2006) while making adjustments to their hiring, communication, and resource allocation decisions. Viewing culture emergence as an abductive process helps to illustrate that the founder’s cultural imprint is much more nuanced than is often acknowledged in the extant literature (Schneider et al., 2013).

I contribute to organizational theory’s understanding of founder imprints. Scholars suggest that imprints come from prior work experiences, such as the network of peers who start working at the same time, or an individual’s first employer. However, I propose that founders imprint themselves upon the organizational culture by adopting a referent culture that is either positive or negative. Founders either

build toward a positive culture (cultural attraction) or away from a negative culture (cultural avoidance). While in many cases, this orientation can come from prior work experience, it can also come from other sources such as investors or successful entrepreneurs. Thus, I add to the literature on imprints by proposing a new mechanism by which founders imprint themselves upon their organizations.

Lastly, this study contributes to the entrepreneurship literature by demonstrating that context matters. Although some may be tempted to apply the findings resulting from the study of large and mature organizations, I show that small and new organizations are different enough to warrant their own analysis. Nascent organizations face challenges that mature organizations generally do not encounter (Stinchcombe, 1965). While my analysis specifically illustrates that the extant knowledge regarding cultural management in mature organizations can impede new ventures, future researchers may find that studying nascent organizations provides opportunities to extend other theories common to organizational and strategy scholars. Just as the field of medicine eventually acknowledged that children's bodies were different enough from adults to warrant its own specialty – pediatrics, established institutionally in the U.S. in 1930 – I, along with others, demonstrate the need for additional research on entrepreneurship generally.

REFERENCES

- Albert, S., & Whetten, D. A. (1985). Organizational Identity. In *Research in Organizational Behavior* (Vol. 7, pp. 263–295).
- Aldrich, H. E., & Fiol, C. M. (1994). Fools rush in? the institutional context of industry creation. *The Academy of Management Review*, 19(4), 645–670. https://doi.org/10.1007/978-3-540-48543-8_5
- Alexander, J. C. (2003). *The Meanings of Social Life: A Cultural Sociology*. Oxford University Press.
- Allaire, Y., & Firsirotu, M. E. (1984). Theories of Organizational Culture. *Organization Studies*, 5(3), 193–226. <https://doi.org/10.1177/017084068400500301>
- Andrew M. Pettigrew. (1990). Longitudinal Field Research on Change: Theory and Practice. *Organization Science*, 1(3), 267–292.
- Autio, E., Sapienza, H. J., & Almeida, J. G. (2000). Effects of Age at Entry, Knowledge Intensity, and Imitability on International Growth. *Academy of Management Journal*, 43(5), 909–924. <https://doi.org/10.5465/1556419>
- Barney, J. B. (1986). Strategic Factor Markets: Expectations, Luck, and Business Strategy. *Management Science*, 32(10), 1231–1241. <https://doi.org/10.1287/mnsc.32.10.1231>
- Baron, J. N., Burton, M. D., & Hannan, M. T. (1999). Engineering bureaucracy: The genesis of formal policies, positions, and structures in high-technology firms. *Journal of Law, Economics, and Organization*, 15(1), 1–41. <https://doi.org/10.1093/jleo/15.1.1>
- Baron, J. N., Hannan, M. T., & Burton, M. D. (1999). Building the iron cage: Determinants of managerial intensity in the early years of organizations. *American Sociological Review*, 64(4), 527–547. <https://doi.org/10.2307/2657254>
- Baron, J. N., Hannan, M. T., & Burton, M. D. (2001). Labor pains: Change in organizational models and employee turnover in young, high-tech firms. *American Journal of Sociology*, 10(4), 960–1012. <https://doi.org/10.1086/320296>
- Barsade, S. G., & O'Neill, O. A. (2014). What's Love Got to Do with It? A Longitudinal Study of the Culture of Companionate Love and Employee and Client Outcomes in a Long-term Care Setting. In *Administrative Science Quarterly* (Vol. 59, Issue 4). <https://doi.org/10.1177/0001839214538636>
- Bartlett, C. A., & Ghoshal, S. (1994). Changing the Role of Top Management: Purpose. *Harvard Business Review*.
- Baum, J. A. C., & Ingram, P. (1998). Survival-enhancing learning in the Manhattan Hotel Industry, 1898–1980. *Management Science*, 44(7), 996–1016. <https://doi.org/10.1287/mnsc.44.7.996>
- Beckman, C. M., & Burton, M. D. (2008). Founding the future: Path dependence in the evolution of top management teams from Founding to IPO. *Organization Science*, 19(1), 3–24. <https://doi.org/10.1287/orsc.1070.0311>
- Beer, M. (2012). Sustain organizational performance through continuous learning, change and realignment. *Handbook of Principles of Organizational Behavior: Indispensable Knowledge for Evidence-based Management*, 537–555.
- Beer, M., Eisenstat, R. A., & Spector, B. (1990). *Why change programs don't produce change*.
- Berry, J. W. (1980). Social and cultural change. In *Handbook of cross-cultural psychology* (pp. 211–279).
- Berry, J. W. (2005). Acculturation: Living successfully in two cultures. *International Journal of Intercultural Relations*, 29(6), 697–712. <https://doi.org/10.1016/j.ijintrel.2005.07.013>
- Berson, Y., Oreg, S., & Dvir, T. (2008). CEO values, organizational culture and firm outcomes. *Journal of Organizational Behavior*, 29, 615–633. <https://doi.org/10.1002/job>
- Bhatt, A. M., Goldberg, A., & Srivastava, S. B. (2021). A language-based method for assessing symbolic boundary maintenance between social groups. *Sociological Methods & Research*. [http://faculty.haas.berkeley.edu/srivastava/papers/Symbolic Boundaries_Language_SMR.pdf](http://faculty.haas.berkeley.edu/srivastava/papers/Symbolic%20Boundaries_Language_SMR.pdf)
- Bingham, C. B. (2009). Oscillating Improvisation: How Entrepreneurial Firms Create Success in Foreign Market Entries Over Time. *Strategic Entrepreneurship Journal*, 3, 321–345. <https://doi.org/10.1002/sej>
- Bingham, C. B., Eisenhardt, K. M., & Furr, N. R. (2007). What Makes a Process a Capability? Heuristics, Strategy, and Effective Capture of Opportunities. *Strategic Entrepreneurship Journal*, 1, 24–47. <https://doi.org/10.1002/sej>
- Bradley, B. H., Postlethwaite, B. E., Klotz, A. C., Hamdani, M. R., & Brown, K. G. (2012). Reaping the benefits of task conflict in teams: The critical role of team psychological safety climate. *Journal of Applied Psychology*, 97(1), 151–158. <https://doi.org/10.1037/a0024200>
- Bunderson, J. S., & Reagans, R. E. (2011). Power, Status, and Learning in Organizations. *Organization Science*, 22(5), 1182–1194.
- Burton, M. D., & Beckman, C. M. (2007). Leaving a legacy: Position imprints and successor turnover in young firms. *American Sociological Review*, 72(2), 239–266. <https://doi.org/10.1177/00031224070200206>
- Canato, A., Ravasi, D., & Phillips, N. (2013). Coerced Practice Implementation In Cases Of Low Cultural Fit: Cultural Change And Practice Adaptation During The Implementation Of Six Sigma At 3M. *Academy of Management Journal*, 56(6), 1724–1753.
- Carroll, G. R., & Hannan, M. T. (2004). *The Demography of Corporations and Industries*. Princeton University Press.
- Chan, D. (2014). Multilevel and Aggregation Issues in Climate and Culture Research. In B. Schneider & K. M. Barbera (Eds.), *The Oxford Handbook of Organizational Climate and Culture*. Oxford University Press.
- Chatman, J. A., Caldwell, D. F., O'Reilly, C. A., & Doerr, B. (2014). Parsing organizational culture: How the norm for adaptability influences the relationship between culture consensus and financial performance in high-technology firm. *Journal of Organizational Behavior*, 35, 785–808. <https://doi.org/10.1002/job>
- Chatman, J. A., & O'Reilly, C. A. (2016). Paradigm lost: Reinvigorating the study of organizational culture. *Research in Organizational Behavior*, 36, 199–224. <https://doi.org/10.1016/j.riob.2016.11.004>
- Chatman, J. A., Polzer, J. T., Barsade, S. G., & Neale, M. A. (1998). Being Different Yet Feeling Similar: The Influence of Demographic Composition and Organizational Culture on Work Processes and Outcomes. *Administrative Science Quarterly*, 43(4), 749–780. <https://doi.org/10.1017/CBO9781107415324.004>
- Cloutier, C., & Langley, A. (2020). What Makes a Process Theoretical Contribution? *Organization Theory*, 1(1), 263178772090247. <https://doi.org/10.1177/2631787720902473>
- Cohen, S. L., Bingham, C. B., & Hallen, B. L. (2019). The Role of Accelerator Designs in Mitigating Bounded Rationality in New Ventures. *Administrative Science Quarterly*, 64(4), 810–854. <https://doi.org/10.1177/0001839218782131>
- Cooperrider, D., & Srivastava, S. (1987). Appreciative inquiry in organizational life. In R. W. Woodman & W. A. Pasmore (Eds.), *Research in organizational change and development*. JAI Press.
- Cooperrider, D., & Srivastava, S. (2017). The gift of new eyes: Personal reflections after 30 years of appreciative inquiry in organizational life. *Research in Organizational Change and Development*, 25, 81–142. <https://doi.org/10.1108/S0897-30162017000025003/FULL/XML>
- Corley, K. G., & Gioia, D. A. (2004). Identity ambiguity and change in the wake of a corporate spin-off. *Administrative Science Quarterly*, 49(2), 173–208. <https://doi.org/10.2307/4131471>
- Davis, G. F., Morrill, C., Rao, H., & Soule, S. A. (2008). Introduction: Social Movements in Organizations and Markets. *Administrative Science Quarterly*,

- Davis, J. P., & Eisenhardt, K. M. (2011). Rotating Leadership and Collaborative Innovation: Recombination Processes in Symbiotic Relationships. *Administrative Science Quarterly*, 56(2), 159–201. <https://doi.org/10.1177/0001839211428131>
- Denison, D. R. (1996). What is the Difference between Organizational Culture and Organizational Climate? A Native's Point of View on a Decade of Paradigm Wars. *Academy of Management Proceedings*, 21(3), 619–654.
- DeSantola, A., & Gulati, R. (2017). Scaling: Organizing and growth in entrepreneurial ventures. *Academy of Management Annals*, 11(2), 640–668. <https://doi.org/10.5465/annals.2015.0125>
- Detert, J. R., Schroeder, R. G., & Mauriel, J. J. (2000). A framework for linking culture and improvement initiatives in organizations. *Academy of Management Review*, 25(4), 850–863. <https://doi.org/10.5465/AMR.2000.3707740>
- DiMaggio, P. (1987). Classification in art. *American Sociological Review*, 440–455.
- Dokko, G., Wilk, S. L., & Rothbard, N. P. (2009). Unpacking prior experience: How career history affects Job Performance. *Organization Science*, 20(1), 51–68. <https://doi.org/10.1287/orsc.1080.0357>
- Downey, S. N., van der Werff, L., Thomas, K. M., & Plaut, V. C. (2015). The role of diversity practices and inclusion in promoting trust and employee engagement. *Journal of Applied Social Psychology*, 45(1), 35–44. <https://doi.org/10.1111/JASP.12273>
- Edmondson, A. C. (1999). Psychological Safety and Learning Behavior in Work Teams. *Administrative Science Quarterly*, 44(2), 350–383.
- Ehrhart, M. G., Schneider, B., & Macey, W. H. (2014). *Organizational Climate and Culture: An Introduction to Theory, Research, and Practice*. Routledge. https://www.m-culture.go.th/mculture_th/download/king9/Glossary_about_HM_King_Bhumibol_Adulyadej's_Funeral.pdf
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 14(4), 532–550.
- Eisenhardt, K. M. (2021). What is the Eisenhardt Method, really? *Strategic Organization*, 19(1), 147–160. <https://doi.org/10.1177/1476127020982866>
- Eisenhardt, K. M., & Graebner, M. E. (2007). Theory Building from Cases: Opportunities and Challenges. *Academy of Management Journal*, 50(1), 25–32. <https://doi.org/10.1007/BF01033590>
- Eisenhardt, K. M., & Ott, T. E. (2017). Rigor in Theory Building from Multiple Cases. In R. Mir & S. Jain (Eds.), *The Routledge Companion to Qualitative Research in Organization Studies* (pp. 79–91). <https://doi.org/10.4324/9781315686103-6>
- Elfenbein, D. W., Hamilton, B. H., & Zenger, T. R. (2010). The small firm effect and the entrepreneurial spawning of scientists and engineers. *Management Science*, 56(4), 659–681. <https://doi.org/10.1287/mnsc.1090.1130>
- Elliott, J. R., & Smith, R. A. (2004). Race, Gender, and Workplace Power. <https://doi.org/10.1177/000312240406900303>, 69(3), 365–386. <https://doi.org/10.1177/000312240406900303>
- Ensley, M. D., Hmieleski, K. M., & Pearce, C. L. (2006). The importance of vertical and shared leadership within new venture top management teams: Implications for the performance of startups. *Leadership Quarterly*, 17(3), 217–231. <https://doi.org/10.1016/j.leaqua.2006.02.002>
- Epstein, S. (2021). *What does being a "cultural fit" actually mean?* BBC Worklife. <https://www.bbc.com/worklife/article/20211015-what-does-being-a-cultural-fit-actually-mean>
- Feld, B. (2012). Cultural Fit Trumps Competence. *Wall Street Journal*. <https://www.wsj.com/articles/BL-232B-268>
- Feldman, M. S. (2000). Organizational Routines as a Source of Continuous Change. *Organization Science*, 11(6), 611–629. <https://doi.org/10.1287/orsc.11.6.611.12529>
- Fiol, C. M. (2002). Capitalizing on paradox: The role of language in transforming organizational identities. *Organization Science*, 13(6), 653–666. <https://doi.org/10.1287/orsc.13.6.653.502>
- Furnham, A., & Gunter, B. (1993). Corporate culture: definition, diagnosis and change. *International Review of Organizational Psychology*, 8, 233–261.
- Garg, S., & Eisenhardt, K. M. (2017). Unpacking the CEO-Board relationship: How strategy making happens in entrepreneurial firms. *Academy of Management Journal*, 60(5), 1828–1858. <https://doi.org/10.5465/amj.2014.0599>
- Gelfand, M. J., Leslie, L. M., Keller, K., & de Dreu, C. (2012). Conflict cultures in organizations: How leaders shape conflict cultures and their organizational-level consequences. *Journal of Applied Psychology*, 97(6), 1131–1147. <https://doi.org/10.1037/a0029993>
- Gerstner Jr, L. V. (2003). *Who says elephants can't dance?: Leading a great enterprise through dramatic change*. Zondervan.
- Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology. *Organizational Research Methods*, 16(1), 15–31. <https://doi.org/10.1177/1094428112452151>
- Gioia, D. A., Patvardhan, S. D., Hamilton, A. L., & Corley, K. G. (2013). Organizational identity formation and change. *Academy of Management Annals*, 7(1), 123–193. <https://doi.org/10.1080/19416520.2013.762225>
- Giorgi, S., Lockwood, C., & Glynn, M. A. (2015). The Many Faces of Culture: Making Sense of 30 Years of Research on Culture in Organization Studies. *Academy of Management Annals*, 9(1), 1–54. <https://doi.org/10.1080/19416520.2015.1007645>
- Giorgi, S., & Weber, K. (2015). Marks of Distinction: Framing and Audience Appreciation in the Context of Investment Advice. *Administrative Science Quarterly*, 60(2), 333–367. <https://doi.org/10.1177/0001839215571125>
- Golden, B. R. (1992). The past is the past--or is it? The use of retrospective accounts as indicators of past strategy. *Academy of Management Journal*, 35(4), 848–860. <https://doi.org/10.2307/256318>
- Goncalo, J. A., & Staw, B. M. (2006). Individualism–collectivism and group creativity. *Organizational Behavior and Human Decision Processes*, 100(1), 96–109.
- Gorman, E. H. (2005). Gender stereotypes, same-gender preferences, and organizational variation in the hiring of women: Evidence from law firms. *American Sociological Review*, 70(4), 702–728.
- Gow, I. D., Kaplan, S. N., Larcker, D. F., & Zakolyukina, A. A. (2016). *CEO Personality and Firm Policies*. <http://www.nber.org/papers/w22435>
- Graham, J. R., Harvey, C. R., Popadak, J. A., & Rajgopal, S. (2017). Corporate Culture: Evidence from the Field. In *NBER Working Paper*. <https://doi.org/10.1017/CBO9781107415324.004>
- Graham, P. (2006). *The 18 Mistakes That Kill Startups*. Paulgraham.Com. <http://paulgraham.com/startupmistakes.html>
- Guiso, L., Sapienza, P., & Zingales, L. (2015). The value of corporate culture. *Journal of Financial Economics*, 117(1), 60–76. <https://doi.org/10.1016/j.jfineco.2014.05.010>
- Gupta, A. K., Smith, K. G., & Shalley, C. E. (2006). The Interplay between Exploration and Exploitation. *Academy of Management Journal*, 49(4), 693–706.
- Hannan, M. T., & Freeman, J. (1984). Structural Inertia and Organizational Change. *American Sociological Review*, 49(2), 149–164.
- Hargadon, A., & Douglas, Y. (2001). When Innovations Meet Institutions: Edison and the Design of the Electric Light. *Administrative Science Quarterly*, 46(3), 476. <https://doi.org/10.2307/3094872>
- Harrison, J. R., & Carroll, G. R. (1991). Keeping the Faith: A Model of Cultural Transmission in Formal Organizations. *Administrative Science Quarterly*, 36(4), 552–582.
- Hartnell, C. A., Ou, A. Y., Kinicki, A. J., Choi, D., & Karam, E. P. (2019). A meta-analytic test of organizational culture's association with elements of an organization's system and its relative predictive validity on organizational outcomes. *Journal of Applied Psychology*, 104(6), 832–850.

<https://doi.org/10.1037/apl0000380>

- Hastings, R., & Meyer, E. (2020). *No rules rules: Netflix and the culture of reinvention*. Penguin.
- Haveman, H. A. (1993). Organizational Size and Change: Diversification in the Savings and Loan Industry after Deregulation. *Administrative Science Quarterly*, 38(4), 593–627.
- Hays, S. (2000). Constructing the Centrality of Culture-and Deconstructing Sociology? *Contemporary Sociology*, 29(4), 594–602.
- Henderson, R., & Van Den Steen, E. (2015). Why do firms have purpose? the firm's role as a carrier of identity and reputation. *American Economic Review*, 105(5), 326–330. <https://doi.org/10.1257/aer.p20151072>
- Heraclous, L., & Barrett, M. (2001). Organizational Change as Discourse: Communicative Actions and Deep Structures in the Context of Information Technology Implementation. *The Academy of Management Journal*, 44(4), 755–778.
- Higgins, M. C. (2005). *Career imprints: Creating leaders across an industry* (Vol. 16). John Wiley & Sons.
- Hoffman, R., Cohen, J., & Triff, D. (2021). *Masters of scale : surprising truths from the world's most successful entrepreneurs*. Currency.
- Horowitz, B. (2019). *What you do is who you are: How to create your business culture*. HarperCollins.
- Howard-Grenville, J. (2006). Inside the “black box”: How organizational culture and subcultures inform interpretations and actions on environmental issues. *Organization and Environment*, 19(1), 46–73. <https://doi.org/10.1177/1086026605285739>
- Howard-Grenville, J., Golden-Biddle, K., Irwin, J., & Mao, J. (2011). Liminality as cultural process for cultural change. *Organization Science*, 22(2), 522–539. <https://doi.org/10.1287/orsc.1100.0554>
- Hsu, G., & Hannan, M. T. (2005). Identities, genres, and organizational forms. *Organization Science*, 16(5), 474–490. <https://doi.org/10.1287/orsc.1050.0151>
- Huber, G. P. (1985). Temporal Stability and Response-Order Biases in Participant Descriptions of Organizational Decisions. *Academy of Management Journal*, 28(4), 943–950. <https://doi.org/10.2307/256247>
- Huber, G. P., & Power, D. J. (1985). Retrospective reports of strategic-level managers: Guidelines for increasing their accuracy. *Strategic Management Journal*, 6, 171–180.
- Hult, G. T. M., Ketchen, D. J., & Arfelft, M. (2007). Strategic supply chain management: Improving performance through a culture of competitiveness and knowledge development. *Strategic Management Journal*, 28(10), 1035–1052. <https://doi.org/10.1002/smj>
- Hwang, E. H., Singh, P. V., & Argote, L. (2015). Knowledge sharing in online communities: Learning to cross geographic and hierarchical boundaries. *Organization Science*, 26(6), 1593–1611. <https://doi.org/10.1287/orsc.2015.1009>
- Ibarra, H. (1992). Homophily and differential returns: Sex differences in network structure and access in an advertising firm. *Administrative Science Quarterly*, 422–447.
- Islam, M., Fremeth, A., & Marcus, A. (2018). Signaling by early stage startups: US government research grants and venture capital funding. *Journal of Business Venturing*, 33(1), 35–51.
- Johnson, V. (2007). What is organizational imprinting? Cultural entrepreneurship in the founding of the Paris opera. *American Journal of Sociology*, 113(1), 97–127. <https://doi.org/10.1086/517899>
- Kaufman, J. (2004). Endogenous explanation in the sociology of culture. *Annual Review of Sociology*, 30, 335–357. <https://doi.org/10.1146/annurev.soc.30.012703.110608>
- Kellogg, K. C. (2011). Hot lights and cold steel: Cultural and political toolkits for practice change in surgery. *Organization Science*, 22(2), 482–502. <https://doi.org/10.1287/orsc.1100.0539>
- Khaire, M. (2010). Young and No Money? Never Mind: The material impact of social resources on new venture growth. *Organization Science*, 21(1), 168–185. <https://doi.org/10.1287/orsc.1090.0438>
- Kim, Y. J., & Toh, S. M. (2019). Stuck in the past? The influence of a leader's past cultural experience on group culture and positive and negative group deviance. *Academy of Management Journal*, 62(3), 944–969. <https://doi.org/10.5465/amj.2016.1322>
- Kirtley, J., & O'Mahony, S. (2020). What is a pivot? Explaining when and how entrepreneurial firms decide to make strategic change and pivot. *Strategic Management Journal*, December 2017, 1–34. <https://doi.org/10.1002/smj.3131>
- Kraatz, M. S., & Zajac, E. J. (2001). How Organizational Resources Affect Strategic Change and Performance in Turbulent Environments: Theory and Evidence. *Organization Science*, 12(5), 632–657. <https://doi.org/10.1287/orsc.12.5.632.10088>
- Lamont, M., & Molnár, V. (2002). The study of boundaries in the social sciences. *Annual Review of Sociology*, 167–195.
- Langley, A. (1999). Strategies for Theorizing from Process Data. *The Academy of Management Review*, 24(4), 691–710. <http://www.jstor.org/stable/259349>
- Langley, A., & Tsoukas, H. (2016). *The SAGE handbook of process organization studies*. Sage.
- Lazarsfeld, P. F., & Merton, R. K. (1954). Friendship as a social process: A substantive and methodological analysis. *Freedom and Control in Modern Society*, 18(1), 18–66.
- Lee, S. (Ronnie), & Kim, J. D. (2022). *When Do Startups Scale? Large-scale Evidence from Job Postings*.
- Leonard-Barton, D. (1990). A Dual Methodology for Case Studies: Synergistic Use of a Longitudinal Single Site with Replicated Multiple Sites. *Organization Science*, 1(3), 248–266. <https://doi.org/10.1287/orsc.1.3.248>
- Levine, S. S., & Prietula, M. J. (2012). How knowledge transfer impacts performance: A multilevel model of benefits and liabilities. *Organization Science*, 23(6), 1748–1766. <https://doi.org/10.1287/orsc.1110.0697>
- Levinthal, D. A. (1997). Adaptation on rugged landscapes. *Management Science*, 43(7), 934–950. <https://doi.org/10.1287/mnsc.43.7.934>
- Lounsbury, M., & Glynn, M. A. (2001). Cultural entrepreneurship: stories, legitimacy, and the acquisition of resources. *Strategic Management Journal*, 22(6–7), 545–564. <https://doi.org/10.1002/smj.188>
- Lounsbury, M., & Ventresca, M. J. (2002). Social structure and organizations revisited. In *Social structure and organizations revisited*. Emerald Group Publishing Limited.
- Maanen, J. Van. (1979). The Fact of Fiction in Organizational Ethnography. *Administrative Science Quarterly*, 24(4), 539–550.
- Madsen, P. M., & Desai, V. (2010). Failing to learn? the effects of failure and success on organizational learning in the global orbital launch vehicle industry. *Academy of Management Journal*, 53(3), 451–476. <https://doi.org/10.5465/amj.2010.51467631>
- March, J. G. (1991). Exploration and Exploitation in Organizational Learning. *Organization Science*, 2(1), 71–87. <https://doi.org/10.1287/orsc.2.1.71>
- Marchetti, A., & Puranam, P. (2022). Organizational cultural strength as the negative cross-entropy of mindshare: a measure based on descriptive text. *Humanities and Social Sciences Communications*, 9(1). <https://doi.org/10.1057/s41599-022-01152-1>
- Marquis, C., & Qiao, K. (2020). Waking from Mao's Dream: Communist Ideological Imprinting and the Internationalization of Entrepreneurial Ventures in China. *Administrative Science Quarterly*, 65(3), 795–830. <https://doi.org/10.1177/0001839218792837>
- Marquis, C., & Tilcsik, A. (2013). Imprinting: Toward a Multilevel Theory. *Academy of Management Annals*, 7(1), 195–245. <https://doi.org/10.5465/19416520.2013.766076>
- McCord, P. (2018). How to Hire. *Harvard Business Review*, January-Fe, 1–12.

- McPherson, C. M., & Sauder, M. (2013). Logics in Action: Managing Institutional Complexity in a Drug Court. *Administrative Science Quarterly*, 58(2), 165–196. <https://doi.org/10.1177/0001839213486447>
- McPherson, M., Smith-Lovin, L., & Cook, J. M. (2001). Birds of a feather: Homophily in social networks. *Annual Review of Sociology*, 27(1), 415–444.
- Meyerson, D. (2003). *Tempered radicals: How everyday leaders inspire change at work*. Rutgers University Press.
- Miller, C. C., Cardinal, L. B., & Glick, W. H. (1997). Retrospective reports in organizational research: A reexamination of recent evidence. *Academy of Management Journal*, 40(1), 189–204. <https://doi.org/10.2307/257026>
- Mohr, L. B. (1982). *Explaining organizational behavior*. San Francisco: Jossey-Bass.
- Moniz, A. (2017). Inferring Employees' Social Media Perceptions of Corporate Culture and the Link to Firm Value. *SSRN Electronic Journal*, 1–40. <https://doi.org/10.2139/ssrn.2768091>
- Neckerman, K. M., & Kirschenman, J. (1991). Hiring strategies, racial bias, and inner-city workers. *Social Problems*, 38(4), 433–447.
- Nelson, R. R., & Winter, S. G. (1982). *An Evolutionary Theory of Economic Change*.
- O'Reilly, C. A., & Chatman, J. A. (1996). Culture as social control: Corporations, cults, and commitment. *Research in Organizational Behavior*, 18, 157–200.
- Østergaard, C. R., Timmermans, B., & Kristinsson, K. (2011). Does a different view create something new? the effect of employee diversity on innovation. *Research Policy*, 40(3), 500–509. <https://doi.org/10.1016/j.respol.2010.11.004>
- Ott, T. E., & Eisenhardt, K. M. (2020). Decision weaving: Forming novel, complex strategy in entrepreneurial settings. *Strategic Management Journal*, 41(12), 2275–2314. <https://doi.org/10.1002/smj.3189>
- Pahnke, E. C., Katila, R., & Eisenhardt, K. M. (2015). Who Takes You to the Dance? How Partners' Institutional Logics Influence Innovation in Young Firms. *Administrative Science Quarterly*, 60(4), 596–633. <https://doi.org/10.1177/0001839215592913>
- Peirce, C. S. (1903). *The Harvard Lectures on Pragmatism: The Essential Peirce. Selected Philosophical Writings*. Indiana University Press, Bloomington.
- Pettigrew, A. M. (1992). On Studying Managerial Elites. *Strategic Management Journal*, 13, 163–182. <http://www.jstor.org/stable/2486371>
- Pettigrew, A. M., Woodman, R. W., & Cameron, K. S. (2001). Studying Organizational Change and Development: Challenges for Future Research. *Academy of Management Journal*, 44(4), 697–713. <https://doi.org/10.5465/3069411>
- Porter, M. E. (1996). What Is Strategy? *Harvard Business Review*, 74(6), 61–78.
- Ranft, A. L., & Lord, M. D. (2002). Acquiring new technologies and capabilities: A grounded model of acquisition implementation. *Organization Science*, 13(4), 420–441.
- Rascoff, S. (2017, July 14). *Why Some Investors Care About Culture*. Medium.Com. <https://medium.com/@spencerrascoff/why-some-investors-care-about-culture-7b5e8e821609>
- Rindova, V. P., & Martins, L. L. (2018). From Values to Value: Value Rationality and the Creation of Great Strategies. *Strategy Science*, 3(1), 323–334. <https://doi.org/10.1287/stsc.2017.0038>
- Rivera, L. A. (2012). Hiring as Cultural Matching: The Case of Elite Professional Service Firms. *American Sociological Review*, 77(6), 999–1022. <https://doi.org/10.1177/0003122412463213>
- Roach, M., & Sauermann, H. (2015). Founder or joiner? the role of preferences and context in shaping different entrepreneurial interests. *Management Science*, 61(9), 2160–2184. <https://doi.org/10.1287/mnsc.2014.2100>
- Robert, L. P., Dennis, A. R., & Ahuja, M. K. (2018). Differences are Different: Examining the Effects of Communication Media on the Impacts of Racial and Gender Diversity in Decision-Making Teams. <https://doi.org/10.1287/isre.2018.0773>, 29(3), 525–545. <https://doi.org/10.1287/ISRE.2018.0773>
- Rockwood, K. (2020). *Cityblock is on Inc.'s 2020 Female Founders 100 list*. Inc.Com. <https://www.inc.com/profile/toyin-ajayi>
- Sackmann, S. A. (1992). Culture and Subcultures: An Analysis of Organizational Knowledge. *Administrative Science Quarterly*, 37(1), 140. <https://doi.org/10.2307/2393536>
- Sackmann, S. A. (2010). Culture and Performance. In N. M. Ashkanasy, C. P. M. Wilderom, & M. F. Peterson (Eds.), *The Handbook of Organizational Culture and Climate* (pp. 188–224). <https://doi.org/10.4135/9781483307961>
- Schein, E. H. (1983). The role of the founder in creating organizational culture. *Organizational Dynamics*, 12(1), 13–28. [https://doi.org/10.1016/0090-2616\(83\)90023-2](https://doi.org/10.1016/0090-2616(83)90023-2)
- Schein, E. H. (2004). *Organizational Culture and Leadership* (3rd ed.). Jossey-Bass.
- Schneider, B. (1987). The People Make the Place. *Personnel Psychology*, 40(3), 437–453. <https://doi.org/10.1111/j.1744-6570.1987.tb00609.x>
- Schneider, B., Ehrhart, M. G., & Macey, W. H. (2013). Organizational climate and culture. *Annual Review of Psychology*, 64, 361–388. <https://doi.org/10.1146/annurev-psych-113011-143809>
- Shane, S. (2008). *The Illusions of Entrepreneurship: The Costly Myths That Entrepreneurs, Investors, and Policy Makers Live By*.
- Sine, W. D., Shane, S., & Di Gregorio, D. (2003). The Halo effect and technology licensing: The influence of institutional prestige on the licensing of university inventions. *Management Science*, 49(4), 478–496. <https://doi.org/10.1287/mnsc.49.4.478.14416>
- Sonenshein, S. (2010). We're changing-or are we? Untangling the role of progressive, regressive, and stability narratives during strategic change implementation. *Academy of Management Journal*, 53(3), 477–512. <https://doi.org/10.5465/amj.2010.51467638>
- Sørensen, J. B. (2002). The strength of corporate culture and the reliability of firm performance. *Administrative Science Quarterly*, 47(1), 70. <https://doi.org/10.2307/3094891>
- Stinchcombe, A. L. (1965). Social structure and organizations. In J. G. March (Ed.), *Handbook of Organizations*. Rand McNally.
- Suddaby, R. (2006). What Grounded Theory is Not. *Academy of Management Journal*, 49(4), 633–642. <https://doi.org/10.1163/15699846-01801006>
- Swap, W., Leonard, D., Shields, M., & Abrams, L. (2001). Using mentoring and storytelling to transfer knowledge in the workplace. *Journal of Management Information Systems*, 18(1), 95–114. <https://doi.org/10.1080/07421222.2001.11045668>
- Swidler, A. (1986). Culture in Action: Symbols and Strategies. *American Sociological Review*, 51(2), 273–286.
- Tajfel, H., & Turner, J. (1986). The Social Identity Theory of Intergroup Behavior. In S. Worschel & W. Austin (Eds.), *Psychology of Intergroup Relations* (pp. 7–24). Nelson-Hall.
- Tidhar, R., & Eisenhardt, K. (2021). Measure twice, cut once: Scaling novel business models in the nascent online fashion industry. *Academy of Management Proceedings*, 2021(1), 12264.
- Tilcsik, A. (2010). From ritual to reality: Demography, ideology, and decoupling in a post-communist government agency. *Academy of Management Journal*, 53(6), 1474–1498. <https://doi.org/10.5465/amj.2010.57318905>
- Trice, H. M., & Beyer, J. M. (1993). *The cultures of work organizations*. Prentice-Hall, Inc.
- Van de Ven, A. H., & Huber, G. P. (1990). Longitudinal field research methods for studying processes of organizational change. *Organization Science*, 1(3), 213–219.
- Van Den Steen, E. (2005). Organizational beliefs and managerial vision. *Journal of Law, Economics, and Organization*, 21(1), 256–283. <https://doi.org/10.1093/jleo/ewi011>

- Van Den Steen, E. (2010). Culture clash: The costs and benefits of homogeneity. *Management Science*, 56(10), 1718–1738. <https://doi.org/10.1287/mnsc.1100.1214>
- Van Maanen, J., Sørensen, J. B., & Mitchell, T. R. (2007). The interplay between theory and method. *Academy of Management Review*, 32(4), 1145–1154. <https://doi.org/10.5465/AMR.2007.26586080>
- Verbeke, W., Volgering, M., & Hessels, M. (1998). Exploring the Conceptual Expansion Within the Field of. *Journal of Management Studies*, 35(3), 303–329.
- Walumbwa, F. O., Avolio, B. J., Gardner, W. L., Wernsing, T. S., & Peterson, S. J. (2008). Authentic leadership: Development and validation of a theory-based measure. *Journal of Management*, 34(1), 89–126. <https://doi.org/10.1177/0149206307308913>
- Walumbwa, F. O., & Schaubroeck, J. (2009). Leader Personality Traits and Employee Voice Behavior: Mediating Roles of Ethical Leadership and Work Group Psychological Safety. *Journal of Applied Psychology*, 94(5), 1275–1286. <https://doi.org/10.1037/a0015848>
- Wong, C. A., & Cummings, G. G. (2009). The influence of authentic leadership behaviors on trust and work outcomes of health care staff. *Journal of Leadership Studies*, 3(2), 6–23. <https://doi.org/10.1002/JLS.20104>
- Yang, T., & Aldrich, H. E. (2017). “The liability of newness” revisited: Theoretical restatement and empirical testing in emergent organizations. *Social Science Research*, 63, 36–53. <https://doi.org/10.1016/j.ssresearch.2016.09.006>
- Yin, R. K. (1994). *Case Study Research*. Sage.
- Yin, R. K. (2017). Case Study Research and Applications: Design and Methods. In *Sage Publications* (6th ed., Issue 5). Sage Publications.
- Young, G., Smith, K. G., & Grimm, C. M. (1996). “Austrian” and Industrial Organization Perspectives on Firm-level Competitive Activity and Performance. *Organization Science*, 7(3), 243–254. <https://doi.org/10.1287/orsc.7.3.243>
- Zander, U., & Kogut, B. (1995). Knowledge and the speed of the transfer and imitation of organizational capabilities: An empirical test. *Organization Science*, 6(1), 76–92.
- Zohar, D., & Hofmann, D. A. (2012). Organizational Culture and Climate. In S. W. J. Kozlowski (Ed.), *The Oxford Handbook of Organizational Psychology* (1st ed., pp. 1–41). Oxford University Press. <https://doi.org/10.1093/oxfordhb/9780199928309.013.0020>

Table A

Discriminant Validity among Organizational Culture and Related Organizational Constructs

	Culture	Strategy	Purpose	Identity	Vision	Routines	Climate
Definition	Shared behavioral norms and underlying beliefs and values that shape the way of doing things in the organization	The unique, coherent set of interdependent activities through which the firm creates and captures value	A concrete goal/objective for the firm extending beyond profit maximization	The features of an organization that are critical to its self-image and make it distinct from other organizations	A statement explaining what the org wishes to be like in the future	Regular and predictable behavior patterns of firms	The meanings people attach to interrelated bundles of experiences employees have at work
Impact on the Org	Determines behavior – mostly implicitly. Influences the day-to-day experience for org. members and can be a key reason members do(n't) want to be part of the org.	Informs how to act/react in the competitive environment.	Provides meaning and motivation for employees. Only with careful planning does it influence daily behavior.	Details what is required of the org	Attempts to align the organization's aspirations and aim. Only with careful planning does it influence daily behavior.	The reoccurring actions and practices of the org; usually firm-specific and related to performance	Characterizes the overall well-being of org members but does not causally impact organizational life
Example	Having the courage to shape a better future, leveraging collective genius, being real, and being accountable and committed. – Coca-Cola	Extreme operational efficiency with savings passed to customers. Very friendly employees focused on customer loyalty. – Southwest	Nourishing families so they can flourish and thrive. --Kellogg	Tesla considering itself a tech, not auto, company	To create economic opportunity for every member of the global workforce. – LinkedIn	The specific steps a firm undertakes to hire (creating a job posting, screening resumes, conducting interviews, evaluating candidates, making offers)	In 2017, an employee wrote a viral post about women feeling unsafe and marginalized at Uber
Key Academic Sources	Verbeke et al., 1998; Zohar & Hofmann, 2012	Barney, 1986; Levinthal, 1997; Porter, 1996	Bartlett & Ghoshal, 1994; Henderson & Van Den Steen, 2015	Albert & Whetten, 1985; Gioia et al., 2013	Baum & Ingram, 1998; Van Den Steen, 2005	Feldman, 2000; Howard-Grenville et al., 2011; Nelson & Winter, 1982	Denison, 1996; Zohar & Hofmann, 2012

Table B

Organizational Culture and Firm Performance

Author(s)	Method	Sample	DV	IV	Key insights
Sorensen, 2002	Survey	160 US public companies	ROI and cash flow	Cultural strength (homogeneity)	In stable conditions, cultural strength leads to more reliable performance but the benefits disappear in volatile environments
Van den Steen, 2010	Formal model	NA	Experimentation, coordination, delegation	Cultural strength (homogeneity)	Cultural strength leads to less monitoring, experimentation, and information collection but higher motivation, delegation, and satisfaction/utility
Guiso, Sapienza, Zingales, 2015	Survey	MNCs (Great Places to Work data)	Tobin's q, return on sales	Culture perceived internally as ethical	Firms have higher valuations when their employees believe the firm/leader is ethical
Chatman et al., 1998	Lab simulation	258 MBA students	Productivity, team dynamics	Individualistic or collectivistic culture	The degree to which an organization is individualistic or collectivistic interacts with demographic composition to affect productivity and social interaction
Barsade & O'Neill, 2014	Survey	Branches of a US long-term care provider	Turnover, customer & employee satisfaction	Culture of compassion	Compassionate workplaces have happier employees and customers
Hult et al., 2007	Survey	201 manufacturing firms	Supply chain cycle time	Culture of competitiveness and knowledge development	Performance increases when an organization has a culture of competitiveness and also of knowledge development

Table C

Organizational Culture and Leaders

Author(s)	Method	Sample	DV	IV	Key insights
Schein, 1983, 1985	Ethnography	MNCs	Organizational culture	The founder's values and behavior	Culture stems from founder's values; success solidifies core assumptions
Baron, Hannan, & Burton, 1999, 2001	Survey, Interviews, Archival	Mid-stage tech firms in Silicon Valley	Bureaucracy, Org design	Leaders' mental models	The departed founder's values matter more than the current CEO's
Johnson, 2007	Historical case study	The Paris Opera	Organization's orientation	Founder and key stakeholders' desires	The founder plus key stakeholders leave an agency-driven imprint upon an organization which can influence the organization for hundreds of years.
Kim & Toh, 2017	Survey, field experiment	Korean manufacturers	Organizational Culture	CEO's prior experience	The length of time the CEOs spend in their prior role moderates the effect of CEO personality on organizational culture
Gelfand et al., 2012	Survey	92 branches of regional bank	Branch's conflict management style	Branch leader's conflict management style	Branches have the same conflict management style as the leader. This relationship correlates with branch performance (creativity, customer service) and viability (turnover, cohesion)
Schneider, 1987	Theoretical	NA	Organizational Culture	Founder's then managers hiring choices	Culture perpetuates by Attraction (who's drawn to the company), Selection (who gets hired), and Attrition (who is pushed out and kept)

Table D

Organizational Change and Culture

Author(s)	Method	Sample	DV	IV	Key insights
Howard-Grenville et al., 2011	Field study, interviews	Two large U.S. based companies	Culture change	Efforts of org members without authority	Middle-managers passionate about a cause can effect organization-level culture change even absent a large organizational shock or executive-led effort
Canato et al., 2013	Single-case study	3M	Culture change, a new practice	Fit between culture and a new practice	When a new practice (Six Sigma) is coerced onto an organization with a poor cultural fit, the culture does not meld to the new practice. Both the culture and practice change as they develop shared beliefs and behaviors
Harrison & Carroll, 1991	Simulation	NA	Culture transmission	Turnover, growth	Culture tends to be very stable over time even amidst high employee turnover and rapid firm growth
Heracleous & Barrett, 2001	Field Study	The London Insurance Market	The process of culture change	Leader dialogue	Organizational change is heavily influenced by the nature of discourse between leaders and organizational members. The content of language and the communication style carry deep meaning.
Kraatz & Zajac, 2001	Archival	400 U.S. liberal arts colleges	Strategic org. change	Org. resources	Resource-rich orgs. are less likely to undertake strategic change efforts. Though not very adaptive to change, these orgs. do not experience detrimental long-term performance
Sonenshein, 2010	Single-case study	Fortune 500 retailer	Strategic org. change	Narratives of leadership and employees	Narratives are critical to effecting strategic change but employees complicate change efforts by embellishing leaders' narratives and disseminating their interpretations

Table E

Description of Sample Firms

Firm (Founding Year)	Industry / US Location	# of Founders/ Avg. Age ^a	Experienced Founder / Education	Remote Employees	Employees at Start (End) of Study	Interviews (per wave)	Informant Titles	Additional Data
QualCo (2019)	Software Development / Virtual	2 / 39	No / MS Comp. Sci. & MBA	100%	8 (12)	13 (4/3/3/3)	CEO ^b , CTO ^b , Chief Staff, Sr. Dev	19 internal docs, 6 media articles
AdCo (2017)	Advertising / East	1 / 27	No / BS Business	0%	12 (30)	18 (6/4/4/4)	CEO ^b , Chief Storyteller, Data Scientist, Dir People Ops, ex-Dir. of Ops, ex-CRO	19 internal docs, 11 media articles, 6 follow-up conversations
EdCo (2017)	Education / West	1 / 27	No / BS Business	90%	10 (30)	21 (4/4/7/6)	CEO ^b , Dir Cust. Success, Dir. of Curriculum, Developer, HR rep, Cust. Success Rep, Sales rep, investor, founder spouse	7 internal docs, 4 media articles, 8 follow-up conversations, 16 blog posts; 3 employee engagement reports
DevCo (2017)	Software Development / East	2 / 36	Yes / MS Engineering	50%	17 (30)	17 (4/5/4/4)	CEO ^b , CTO ^b , VP Product, VP Cust. Success, cofounder spouse x2	1 internal doc, site visit, 2 podcasts
ToothCo (2017)	Procurement / East	2 / 37	Yes / MS Comp. Sci. & MBA	0%	11 (24)	23 (6/6/5/6)	CEO ^b , CTO ^b , VP Ops, Cust. Success Rep, UX Designer, Vendor Success Rep, cofounder spouse	17 internal docs, 4 follow-up conversations
HealthCo (2019)	Wellness / East	2 / 51	No / MBA & PhD	25%	75 (151)	21 (5/4/6/6)	CEO ^b , COO ^b , Chief People Ops, Head of Cust. Exp., Copywriter, Dir. of Eng., ex-Dir. of Product	10 internal docs, 4 follow-up conversations, site visit; 3 employee engagement reports
SpyCo (2019)	Cyber Security / East & West	3 / 41	No / MS National Security, MS Comp. Sci., MBA	10%	10 (107)	22 (6/3/7/6)	CEO ^b , CTO ^b , COO ^b , Sr. Dir. of Intelligence, VP Sales, VP Engineering, investor, cofounder spouse	17 media articles, 2 follow-up conversations
CloudCo (2018)	Cyber Security / East	1 / 46	No / MS Comp. Sci.	30%	20 (138)	16 (5/3/4/4)	CEO ^b , CMO, Eng. Mngr., Sr. Developer, EA, Chief of Staff	12 blog posts, active social media presence, 1 podcast, 2 follow-up conversations, site visit

^a as of January 2023^b founder

Table F

Progression of Culture Emergence by Case

Firm	Cultural Attributes after Choice 1	Cultural Attributes after Choice 2	Cultural Attributes after Choice 3	Cultural Attributes after Choice 4
QualCo	Autonomy	Autonomy, accountability, <u>success comes through learning</u>	Autonomy, accountability, success comes through learning, <u>homogeneous adoption of Latin work style</u>	Autonomy, accountability, success comes through learning, homogeneous adoption of Latin work style, <u>trust</u>
AdCo	Perfection is the gold standard, business should enhance society	Perfection is the gold standard, business should enhance society	Perfection is the gold standard, business should enhance society, <u>unquestioning of the founder, homogenous life experiences and vision</u>	Perfection is the gold standard, business should enhance society , unquestioning of the founder, homogenous life experiences and vision, <u>conviction that culture is a resource</u>
EdCo	Continual personal improvement, humility	Continual personal improvement, humility, frugal, <u>the sales team has greatest status</u>	Continual personal improvement, humility, frugal, the sales team has greatest status, <u>empathetic</u>	Continual personal improvement, humility, frugal, the sales team has greatest status, empathetic, <u>inclusive</u>
DevCo	Experimenting, pragmatic, humane	Experimenting, pragmatic, humane, <u>ownership</u>	Experimenting, pragmatic, humane, ownership, <u>product-focused, respect</u>	Experimenting, pragmatic, humane, ownership, product-focused, respect, <u>trust, autonomy</u>
ToothCo	Zero tolerance for laziness or selfishness	Zero tolerance for laziness or selfishness, <u>HR has significant power</u>	Zero tolerance for laziness or selfishness, HR has significant power , <u>superficial diversity</u>	Zero tolerance for laziness or selfishness, superficial diversity, <u>lack of belonging</u>
HealthCo	Academic pedigree & intellect drive success	Academic pedigree & intellect drive success, <u>independent business units, low cross-unit communication, routine-based</u>	Academic pedigree & intellect drive success, independent business units, low cross-unit communication, routine-based, <u>homogenous adoption of upper-class thought & bias</u>	Academic pedigree & intellect drive success , independent business units, low cross-unit communication, routine-based, homogenous adoption of upper-class thought & bias , <u>empathy, customer-centric</u>
SpyCo	Purpose-driven, experience trumps pedigree and intellect	Purpose-driven, experience trumps pedigree and intellect	Purpose-driven, experience trumps pedigree and intellect, <u>familiarity leads to speed and success, clear in/out social groups</u>	Purpose-driven , experience trumps pedigree and intellect, familiarity leads to speed and success, clear in/out social groups
CloudCo	Product-focused	Product-focused, <u>joyful, humble</u>	Product-focused, joyful, humble, <u>engineer-minded</u>	Product-focused, joyful, humble, engineer-minded, <u>ownership, responsibility</u>

Key: Underlined text represents cultural elements resulting from each choice; bold signifies that the values became more strongly held; strikethrough signifies that the cultural attribute disappeared

Table G

Founders' Imprint: Cultural Attraction or Avoidance?

Firm	Founder Education	Founder Professional Imprint	Is Founder Culturally Attracted or Avoidant?	Prevalent Norms, Beliefs, and Values
QualCo	BS CompSci & MBA; MS CompSci	Corporate software developers on distributed MNC teams	Avoidant. <i>Founders never considered culture until Techstars encouraged them. Instead, they focus elsewhere. "For now, we need product-market fit – that's the most important thing."</i> – Cofounder	Autonomy. <i>Founders resolved to not replicate their former supervisors' micromanagement</i>
AdCo	BS Business	No prior work experience. Closely follows popular business press, especially Ben Horowitz & Warren Buffett	Attracted. <i>Founder articulating the values/mission was "one of the first things I ever did," with 0 FTEs* He wants to build a great culture that will serve as a foundation for a successful product</i>	Perfection is the gold standard, business should enhance society. <i>Founder believes that creating a great culture will lead to business success</i>
EdCo	BS Business	No prior work experience. Looks to first investor and successful local founders for insight. <i>"There's probably a dozen other CEOs ... who have really helped [me formulate ideas for culture]"</i> – Founder	Attracted. <i>"One of the things [investor/mentor] talked about was picking company values.... And so it was actually ... his recommendation. He's like 'I like to pick three words, make them easy to remember.'"</i> – Founder	Continual personal improvement, humility. <i>Founder frequently reads about personal and business management</i>
DevCo	MS Engineering; BS CompSci	Worked together in two startups and one corporation – hated the slow corporate pace	Avoidant. <i>"I don't think we had an explicit plan. We knew a lot of things we didn't want from our previous experience."</i> – Cofounder	Experimenting, pragmatic, humane. <i>Founders approached all problems with an engineer's mindset while operating with the singular rule of "no a**holes"</i>
ToothCo	MBA; MS CompSci	1 ex-Army Ranger; both have extensive experience in startups	Attracted. <i>"So literally, the first thing I did was, I created our core values, I created our mission statement."</i> – Cofounder. <i>Founder chose buzzwords and military terms for values</i>	Zero tolerance for laziness or selfishness. <i>Founders believed that working harder than anyone else was the key to success</i>
HealthCo	PhD Economics; MBA	Prior roles as CEO, chairman, and VPs of major corporations	Mixed. <i>One founder created values, the other didn't see this as important but didn't intervene</i>	Academic pedigree & intellect drive success. <i>"[Cofounder 2] is super culture-oriented. He's like, 'What are all the best practices? ... I wanna have the energy and rockstars and meritocracy. And I want it to be positive.'"</i>
SpyCo	MBA; MS Govt Policy; MS CompSci	Worked in Middle East, for US Govt, and startup that IPO'd	Avoidant. <i>"[Cofounder] had some awful bosses, so I think that was on his mind."</i> – Spouse of Cofounder	Purpose-driven, experience trumps pedigree and intellect. <i>Founders believed that subject-matter expertise would yield success</i>
CloudCo	MS CompSci	+15 years as developer for MNCs	Avoidant. <i>Founder was committed to not recreating difficult workplaces he had experience.</i>	Product-focused. <i>The founder's prior company limited the influence of engineers and developers – he resolved to always make the product the top priority</i>

* FTE = full time employee

Table H

Founders' First Hires: Leaders or Individual Contributors?

Firm	Level of First Employees	SLT Members within First 20 FTEs	Total SLT* / FTE as of Dec 2022	Did SLT* Have Startup Experience?	Prevalent Norms, Beliefs, and Values
QualCo	Individual contributors	0 (0%)	0/12 (0%)	NA	Autonomy, accountability, <u>success comes through learning</u> . Without leaders, the founders rely on individual contributors to perform beyond their experience level. Employees are encouraged to dedicate time to learning a needed skill (e.g., a developer taking a week to read a textbook about machine learning)
AdCo	Leaders	6 (30%)	6/37 (16%)	No. Hired experienced leaders to add credibility to venture	Perfection is the gold standard, business should enhance society. The founder hired leaders who were remarkably similar to himself and would make the choices he would make. "[SL2] is far and away the best at [company value #1] ... he's the most complete picture of this collection of values" - Founder
EdCo	Mixed	5 (25%)	6/34 - 1 SL fired (18%)	No. Most had 2-4 years of work experience	Continual personal improvement, humility, frugal, <u>the sales team has greatest status</u> . To save money, the founder hired inexperienced leaders with the hope they would grow into their roles. The company was reliant on revenue very early which elevated the sales org
DevCo	Individual contributors	1 (5%)	4/30 (13%)	Yes. Only considered those who led the scaling phase of successful startups	Experimenting, pragmatic, humane, <u>ownership</u> . Without senior leaders, individual contributors were entrusted with significant responsibility
ToothCo	Leaders	6 (30%)	4/22 - 2 SL fired (18%)	Mixed. First SLs came from startups, two later SLs came from corporations	Zero tolerance for laziness or selfishness, <u>HR has significant power</u> . The Chief People Officer was "trying to make us a Fortune 100 company with all our different structures [but we're] just trying to create revenue." - Cofounder. Two SLs were fired after a founder realized he wanted operators, not high-level strategists.
HealthCo	Leaders	11 (55%)	11/100 - 1 SL fired (11%)	No. All came from TMTs of public companies	Academic pedigree & intellect drive success, <u>independent business units, low cross-unit communication, routine-based</u> . "We have an org structure that flows from [the SLT structure] that may or may not be the right one based on how the business needs to evolve... so you've got this... rigid system that leads to silos, because they're all working on their piece of the puzzle ... in isolation.... So we have not been an effective team." - FTE. The leaders imposed many routines they used as corporate leaders. "It sometimes feels a little too 'big company'" - FTE
SpyCo	Mixed	4 (20%)	8/107 (7%)	Yes. All came from startups (pre- and post-IPO)	Purpose-driven, experience trumps pedigree and intellect. In Yr 3, all SLT members still have many individual contributor responsibilities. "All leaders need to be invested in the activity of building." - Cofounder
CloudCo	Individual Contributors	0 (0%)	6/160 (4%)	Yes. All SLs have led their functional areas in multiple startups	Product-focused, <u>joyful, humble</u> . Action-oriented, product-driven, autonomous. Early individual contributors strongly imprinted themselves upon the company

* the roles included in the SLT vary by company but generally includes the top leader of each functional area exclusive of the founder(s)

Table I
 Founders' First Hires: Hiring for Cultural Fit or Not?

Firm	Similarity Among First 20 FTEs			Details of First Hires	Overall Similarity of First Hires	Prevalent Norms, Beliefs, and Values
	Gender (male)	Shared Network	Other			
QualCo	70%	10%	100% Latino	The first 10 FTEs were out-of-network. All are remote and hired through general job-postings	High	Autonomy, accountability, success comes through learning, <u>homogeneous adoption of Latin work style</u> . All FTEs are Latino which caused a non-Latino intern to feel like an outsider because he couldn't engage in Spanish banter with colleagues
AdCo	60%	20%	40% devout Christian	The founder frequently searches a Christian job board when roles open – these hires are highly similar to those hired from the founder's network	High	Perfection is the gold standard, business should enhance society, <u>unquestioning of the founder, homogenous life experiences and vision</u> . Two small cliques formed and tried to convince the founder and others to alter plans and behavior. Both groups quit after feeling ignored
EdCo	80%	40%	70% same undergrad	Most of the first 10-15 FTEs were recent grads from the founder's Christian alma mater before the founder started hiring from other geographies to improve diversity	High	Continual personal improvement, humility, frugal, the sales team has greatest status, <u>empathetic</u> . "It just felt like a group of kids in college that were assigned a group project." Minorities want greater sense of belonging. Most recently hired minorities are entry-level. All employees share deep passion to serve their customers
DevCo	90%	10%	60% engineers	The key criteria in hiring is whether the person has performed the role well in a startup	Low	Experimenting, pragmatic, humane, ownership, <u>product-focused, respect</u> . Most employees are engineers and the product is the top priority. Employees respect each other due to all having valuable experience
ToothCo	55%	0%	NA	Founders prioritized diversity over experience or ability when hiring	Low	Zero tolerance for laziness or selfishness, <u>HR has significant power, superficial diversity</u> . Though the workforce was diverse, many FTEs reported feeling a lack of belonging or inclusion and accused the leaders of tokenism. Four underrepresented minorities quit or were fired in one week (24% of the company). The Chief of People left and was not replaced
HealthCo	70%	90%	30% non-white	Nearly all of the first 30 hires worked under the CEO while he led an entertainment business or with both founders at a healthcare company	High	Academic pedigree & intellect drive success, independent business units, low cross-unit communication, routine-based, <u>homogenous adoption of upper-class thought & bias</u> . "[Founder] explicitly selects for pedigree, educational background, and ability to answer his questions with insight and aplomb."
SpyCo	90%	100%	100% first-degree connections	Founders hired extensively from prior companies. "We sometimes use our own lingo ... that we used to use to explain things quickly, so you have to be careful when you're talking to someone who's not from that mafia." -Cofounder	High	Purpose-driven, experience trumps pedigree and intellect, <u>familiarity leads to speed and success, clear in/out social groups</u> . New hires from outside the core sub-groups feel like outsiders. The founders use extensive funds to build informal relationship spanning the "mafias" through paid lunches and retreats. They struggled to hire women
CloudCo	85%	10%	85% engineers	First 17 hires were engineers. "It was a very engineer-centric organization.... There were basically a bunch of engineers, four sales people, the CEO, and me." – FTE 24	Moderate	Product-focused, jovial, humble, <u>engineer-minded</u> . "The culture was very tech-heavy, engineering-focused, iterate it with the customers, build what they need as fast as possible and get it out the door kind of culture.... [even after filling non-engineer roles] we're still an engineer's company"

Table J

Founders' Management of Culture Creation: Active or Passive?

Firm	Iterations of Values ^a	Formalized Language about Values ^a	Founder's Proactivity	When does Founder Talk about Values or Culture	Employee Reaction	Prevalent Norms, Beliefs, and Values
QualCo	1	22 words	Passive	Roughly half the quarterly all-hands mtgs	Can't name values but wouldn't change anything. The best environment they've have experienced	Autonomy, accountability, success comes through learning, homogeneous adoption of Latin work style, <u>trust</u> . <i>Employees believe that each person is fulfilling their responsibilities</i>
AdCo	2	1000 words. <i>Founder's top priority for 5 months</i>	Active	In each weekly all-hands mtg (an employee is cold-called to recite values)	"Values are ... too emphasized for all the other battles we were fighting." - FTE #20	Perfection is the gold standard, business should enhance society , unquestioning of the founder, homogenous life experiences and vision, <u>conviction that culture is a resource</u> . <i>Homogeneity increased leaders corrected deviations from the ideal. "We've lost a few people since we spoke. I think because some aspects of our culture rubbed them the wrong way. But I still love it here."</i> - FTE
EdCo	2	127 words	Moderate	Yr2-3: In bi-weekly all-hands. Yr4: In quarterly all-hands	Can name 1-2 values but all can describe the sentiment behind the values. They like the less frequent talk of values and culture	Continual personal improvement , humility, frugal, the sales team has greatest status, empathetic, <u>inclusive</u> . Employees take turns giving a 15-min growth training each Monday morning during the company meeting
DevCo	1	267 words	Passive	Once every couple years as a means of reconciling tension. "We have a minimum viable culture" - Cofounder	Maintain their focus on their jobs and becoming more efficient. All feel supported by leadership and a tight bond to co-workers	Experimenting, pragmatic, humane, ownership, product-focused, respect, <u>trust, autonomy</u> . <i>Employees feel empowered to focus on their jobs</i>
ToothCo	4	197 words. <i>Revisited quarterly with a consultant</i>	Active	Daily in recognition of employees demonstrating values. During bi-weekly all-hands	In Yr3-Yr4, the values were "being forced down our throats." - FTE #6. Tried to voice concerns but felt steamrolled by cofounders	Zero tolerance for laziness or selfishness, superficial diversity, <u>lack of belonging</u> . <i>Employees feel intense pressure to conform to founders' preferences</i>
HealthCo	1	52 words	Passive	Never	Feel unified by the strategy and mission, not values (not known by employees)	Academic pedigree & intellect drive success, independent business units, low cross-unit communication, routine-based, <u>homogenous adoption of upper-class thought & bias, empathy, customer-centric</u> . <i>Leaders made a credible commitment to improving representation among the employees including changing hiring practices and regular trainings about implicit bias & systemic inequities</i>
SpyCo	1	19 words	Passive	New hire orientation	Can't name values but are motivated by the company's mission. Focused on operations and growth	Purpose-driven , experience trumps pedigree and intellect, familiarity leads to speed and success, clear in/out social groups. <i>Founders continue to emphasize the company's purpose & employees report feeling inspired to fulfill the company's vision</i>
CloudCo	1	124 words	Passive	New hire orientation. "It's not something that we talk about that much." -FTE	Highly energized by the product's success - fully focused on product. Foresee opportunity to manage culture more formally as the org scales rapidly	Product-focused, jovial, humble, engineer-minded, <u>ownership, responsibility</u> . <i>Culture feels organic, "not coming from the top-down but from the side-over" (i.e., all FTEs influence culture creation).</i>

^a as of January 2023