



Best Practices and Structures for Start-Ups to Adequate Culture and Governance

On the Example of Start-Up Consultancies

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II Abstract English

Starting a business is a significant undertaking; numerous factors to consider. Typically, the organizational structure is handled last during the growth phase of the business. While the literature discusses several critical points, the start-up consultancy business is not adequately represented.

This dissertation began as a consulting project with a start-up consultancy in Portugal. However, after conducting literature searches, it became clear that additional academic research on that subject should be conducted. Now, the dissertation seeks to close the knowledge gap by providing a general guide on growing a start-up consultancy.

While current organizational structures in consultancies operate effectively, the shifting demands of employees may result in future disputes. The mixed research methodology, which included expert interviews and a survey, enabled us to acquire significant insight from the employer's perspective and the employee's by combining current literature and real-world instances. The findings indicated that personal development, adaptability, and motivation are critical components of meeting employee needs. Combining these insights with the matrix framework enables a start-up consultancy to flourish.

For future research, aspects of innovation and digitalization can be examined in greater detail, as more change is likely in the future, and businesses must be prepared to deal with it.

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III Abstract Portuguese

Iniciar um negócio é um empreendimento significativo; há numerosos factores a considerar. Normalmente, a estrutura organizacional é tratada em último lugar durante a fase de crescimento do negócio. Embora a literatura discuta vários pontos críticos, o negócio de consultoria de arranque não está adequadamente representado.

Esta dissertação começou como um projecto de consultoria com uma consultoria de arranque em Portugal, mas após a realização de pesquisas bibliográficas, tornou-se claro que deveriam ser realizadas pesquisas académicas adicionais sobre esse assunto. Agora, a dissertação procura colmatar a lacuna de conhecimentos, fornecendo um guia geral sobre o crescimento de uma empresa de consultoria start-up.

A metodologia de investigação mista, que incluiu entrevistas de peritos e um inquérito, permitiu adquirir uma visão significativa não só da perspectiva do empregador, mas também da do trabalhador, combinando literatura actual e instâncias do mundo real. Embora as actuais estruturas organizacionais nas consultorias funcionem eficazmente, as mudanças de exigências dos empregados podem resultar em futuras disputas. As conclusões indicaram que o desenvolvimento pessoal, a adaptabilidade e a motivação são componentes críticos para satisfazer as necessidades dos empregados. A combinação destes conhecimentos com a estrutura matricial permite o florescimento de uma consultoria de arranque.

Para futuras pesquisas, os aspectos de inovação e digitalização podem ser examinados com mais detalhe, uma vez que é provável que haja mais mudanças no futuro, e as empresas devem estar preparadas para lidar com elas.

Título: Melhores Práticas e Estruturas para o Arranque de uma Cultura Adequada e Governação - Sobre o Exemplo de Consultorias para o Arranque

Autor: Renata Andrijanic

Palavras-chave: Arranque, Consultoria, Estruturas Organizacionais, Melhores Práticas, Cultura, Governação, Estrutura de Matriz, Expansão, Gestão do Conhecimento

IV List of Figures

Figure 1: Relation of Organizational Structures (Author’s Illustration).....	6
Figure 2: Ranking Order Motivation (Qualtrics Survey).....	22
Figure 3: Organizational Hierarchy Preferences (Survey Data Analysis)	23
Figure 4: Correlation Age and Organizational Preferences (Survey Data Analysis)	24
Figure 5: Correlation Tenure and Company Connection (Survey data Analysis)	25
Figure 6: STAR Model (Galbraith J. R., 2011)	28
Figure 7: Matrix Structure Example (own illustration)	29

V List of Tables

Table 1: Interviewees	12
Table 2: Qualitative Content Analysis (own illustration)	13
Table 3: Interview Partner Separation	14
Table 4: Structure Breakdown (own illustration)	16
Table 5: Bureaucracy Breakdown (own illustration)	16
Table 6: Control Breakdown (own illustration)	17
Table 7: Structure Breakdown Start-up (own illustration)	18
Table 8: Control Breakdown (own illustration)	18
Table 9: Market Presence Breakdown (own illustration)	19

VI Table of Contents

I Acknowledgements.....	II
II Abstract English.....	III
III Abstract Portuguese.....	IV
IV List of Figures	V
V List of Tables	VI
VI Table of Contents.....	VII
1. Introduction.....	1
1.1 <i>Research Questions and Hypothesis</i>	<i>1</i>
1.2 <i>Structure.....</i>	<i>2</i>
2 Literature Review	3
2.1 <i>Management Consulting Firms.....</i>	<i>3</i>
2.1.1 <i>Matrix Structure.....</i>	<i>3</i>
2.2 <i>Organizational Structures.....</i>	<i>4</i>
2.2.1 <i>Concepts of Differentiation.....</i>	<i>4</i>
2.2.2 <i>Intra Organizational Contingency Factors.....</i>	<i>5</i>
2.2.3 <i>Organic vs. Mechanic Structures.....</i>	<i>5</i>
2.3 <i>Knowledge Management in Consultancies</i>	<i>6</i>
2.3.1 <i>Centralized.....</i>	<i>6</i>
2.3.2 <i>Decentralized</i>	<i>7</i>
2.4 <i>Internationalization.....</i>	<i>7</i>
2.4.1 <i>International Entrepreneurship.....</i>	<i>7</i>
2.4.2 <i>Culture</i>	<i>8</i>
2.4.3 <i>Global Mindset and Networking.....</i>	<i>9</i>
3 Methodology	11
4 Data Analysis	13
4.1 <i>The Management Consulting Sector</i>	<i>14</i>
4.1.1 <i>Structure.....</i>	<i>16</i>
4.2 <i>The Start-Up Expert Point of View</i>	<i>18</i>
4.2.1 <i>Structure.....</i>	<i>18</i>
4.3 <i>Survey.....</i>	<i>19</i>
4.3.1 <i>Validity and Reliability.....</i>	<i>20</i>
4.3.2 <i>Findings</i>	<i>20</i>
4.3.3 <i>Interpretation.....</i>	<i>23</i>
4.4 <i>Fits and Problems</i>	<i>26</i>
4.5 <i>The Recommended Approach.....</i>	<i>27</i>
4.5.1 <i>STAR Model.....</i>	<i>28</i>

4.5.2	Matrix and STAR.....	29
5	Conclusion.....	31
5.1	<i>Research Questions.....</i>	<i>31</i>
5.2	<i>Limitations and Future Research.....</i>	<i>33</i>
VII	Reference List.....	VIII
VIII	Appendix.....	XIV
	<i>Appendix 1 – Interview Guide.....</i>	<i>XIV</i>
	<i>Appendix 2 – Survey Questionnaire.....</i>	<i>XV</i>
	<i>Appendix 3 – SPSS Results.....</i>	<i>XIX</i>
IX	Affidavit.....	XXIII

1. Introduction

Organizational structures have always played a crucial part in a business, and especially when young businesses begin to expand, they can build the groundwork for future success or failure. International expansion exposes a business to new cultures, customers, and trends, new types of issues, competitors, and restrictions (Johnson McPhail, 2016). While the literature covers various parts of it, there is little information on how to execute expansion strategies as a start-up consultancy. The consulting industry is highly saturated, but its participants are influential and span various industries. Establishing a role is difficult for new hires from the start. Start-ups must accelerate their growth to maximize their initial funding, and the struggle for profitability can get rather heated.

It is clear that a one-size-fits-all piece of advice for a start-up company does not exist, especially in the consulting business. The primary purpose, in the end, is that start-ups in the consulting sectors receive a guide on how to structure their company. This dissertation aims to provide an overview about the consulting market, different organizational structures, and best practices that should be considered when growing.

1.1 Research Questions and Hypothesis

An organizational structure has various essential aspects that require further investigation; however, this thesis focuses on understanding the current consulting market and providing best practices for start-up consultancies. Therefore, the aim is to answer the following research questions:

RQ1: How is the current consulting market structured?

A deep dive into literature has been made, which can be used as a foundation for understanding the consulting sector itself. To provide a more realistic viewpoint besides literature, various experts from the consulting and start-up industry have been interviewed to explain how they handle it.

RQ2: Are those identified structures the best approach for attracting young talents?

Being a start-up and a consultancy is at some point contradictory. Most people perceive start-ups as agile and dynamic companies, and consultancies are somewhat old school where little flexibility is given. The question focuses on seeing if there could be a better way of combining those two structures in one, which is, in the end, creating a competitive advantage against established consultancies. The question has been answered by collecting data on the next generation of workers and their preferred

organizational structure. Two main hypotheses have been established in order to provide a solid overview.

H1: Different working sectors have different preferences regarding organizational hierarchies and organizational structures.

H2: There is a correlation between the tenure in the company and the synergies with the company's value.

RQ3: What are the best practices and structures for a new company to have adequate culture and governance?

The last question summarizes the previous two research questions. The aim of this research is to provide the start-up consultancy with realistic practices on how to structure their company in terms of culture and governance in the future, especially with the background on internationalization.

1.2 Structure

In order to answer the research questions, this dissertation is divided into four major sections. The literature review summarizes the consulting market, various organizational models, and internationalization issues. Second, the Methodology section discusses the study's research methodology, the tools used to collect the necessary data, and the procedures utilized to analyze it. Thirdly, the chapter on Data Analysis displays the data obtained and its in-depth analysis. This chapter provides recommendations for each aspect analyzed. Finally, the Conclusion chapter contains a concise overview of the data analysis's most significant conclusions and recommendations.

2 Literature Review

2.1 Management Consulting Firms

Management consulting organizations provide strategic and operational advice to executives to enhance results. Management consulting businesses are now well-known and accepted: revenues exceed \$253 billion in the U.S. in 2021 (IBISWorld, 2021), employment exceeds 1.8 million (IBISWorld, 2021), and professions in the industry are among the most wanted (Lemann, 1999). Despite its current importance, management consulting was virtually non-existent before World War I. (McKenna, 2006).

Early management consultants had difficulty explaining the purpose and importance of their services. However, by the conclusion of WWII, top consulting companies were serving corporates and government agencies, and the sector had just started its golden age (McKenna, 2006; David, 2012). Today, the most common type of management consulting business stresses specialized knowledge, detachment from clients, and established rules of conduct and behavior such as McKinsey, Boston Consulting Group etc. This organizational type had evolved into a proto institution between the two World Wars: a social structure that could become broadly institutionalized (Lawrence, Hardy, & Phillips, 2002). Companies are not legally required to employ management consulting companies, and the results of these businesses are difficult to analyze objectively. This transition is particularly astonishing.

2.1.1 Matrix Structure

When looking at the structure of consultancies, most of them are organized in a matrix structure. These structures are usually chosen for strategic reasons and should impact individuals and teams within the matrix. In the case of consulting firms, the matrix structure is a helpful tool to better align with their clients. To become competitive, they must meet two dimensions of the matrix: Expertise, Strategic Analysis, and Industry Knowledge. (Galbraith J. , 2008)

The third dimension is geography which is related to companies with multiple offices or locations in different cities or countries. This dimension coordinates the organization's various functional and product/service dimensions. The aim of a matrix structure is to ensure that the organization's people and processes are aligned with the client's business goals. Also, it helps minimizing the complexity of the work environment and the time needed to analyze and make decisions. (Burton, Obel, & Haakonsson, 2015)

A flexible matrix can work seamlessly across divisions or different projects and initiatives. It can also adapt to new situations by handling limited resources. Therefore, it is of great importance to configure the matrix, in the beginning of the process. Through the configuration, a comprehensive view of the firm and its divisions and managing the various aspects of the firm to achieve better results will be provided. This requires managerial skills that can focus on the firm and its divisions. (Burton, Obel, & Haakonsson, 2015)

The benefit is that the matrix can actualize both the functional form's efficiency and the divisional form's effectiveness. When a matrix organization is well-run, it achieves both efficiency and effectiveness. Consequently, the matrix cannot be efficient or successful if it is not adequately set up or controlled. Conciliating disagreements between lateral and vertical subunits, information overload, unnecessary planning of resource allocation, and decision delay are critical issues of matrix management (Galbraith J. , 2008).

2.2 Organizational Structures

The terminology "organizational structure" is associated with the formal arrangement of duties, obligations, and power inside an organization between individuals and groups (Greenberg, 2011). Subsequently, organizations have been created to achieve specific goals. Those goals can accordingly be divided into tasks, which will be further broken down into different company departments. In most cases, the departments can also be divided into specific tasks. Everything from the department is linked to the organizational structure, which serves as a function to perform in the environment. (Nelson & Quick, 2011)

2.2.1 Concepts of Differentiation

There are several approaches of organizational structures that can be considered, however due to the scope of this thesis, it will focus on the mutually exclusive constructs: Structural differentiation, Specialization, Centralization, and Formalization.

Structural differentiation outlines how an organization is divided into elements such as positions, ranks, subunits, and sections. It describes an organization's horizontal and vertical structure. Configuration, lateral differentiation, centralization, geographic spread, and vertical differentiation are all included in structural differentiation. (Blau, 1972)

Specialization is the division of work and job assignment to specific departments and roles (Pugh, Hickson, Hinings, & Turner, 1968). The structure has a horizontal and a vertical element. Horizontal

specialization indicates the extent of jobs and duties. While vertical specialization indicates how a person manages or merely does tasks without much thinking (Mintzberg, 1983).

Centralization is the level to which decision-making power is centralized at the top or diffused along within the organization (Ezzamel & Hilton, 1980). To what extent do top-down choices trump delegated decisions and vice versa. Organization theory has used the terms centralization and decentralization several times.

Formalization measures how much labor is guided by rules, processes, and techniques and how much documentation is used to express these regulations (Hage & Aiken, 1967). This definition includes standards and documentation. Rules and procedures direct work to a certain degree (Child & Mansfield, 1972).

2.2.2 Intra Organizational Contingency Factors

The contemporary organization's contingency theory centers upon three factors:

Size describes an organization's size. It has to do with the size of an organization's activities and the resources available to operate them. Unlike the first, the second is focused on capacity. Blau (1972) defined size as an organization's scope and responsibility. Aldrich (1972) focused on the magnitude of a group's production, while Hage & Aiken (1971) focused on the size that allowed suggestions on the availability of additional resources.

Task uncertainty refers to the unpredictability of an organization's activities. It is the gap between the information provided and the information necessary to complete a job. Task uncertainty may encompass outside elements, including environmental instability, resource reliance, and technological advancement. Uncertainty is more significant in a company aiming for innovation than stable, fully automated procedures. (Downey & Slocum jr., 1975).

Task interdependence describes how tasks in various regions of an organization interact. Thompson (1967) classified links in the flow of labor, material, and objects as pooled dependency with secondary connections exclusively, sequential dependence with direct one-way ties, and mutual dependency with two-way serial connections.

2.2.3 Organic vs. Mechanic Structures

The mechanistic and organic framework has become the basic organizational structure model in organic theory and is widely employed in contingency investigation. The mechanical structure reflects the traditional management school's emphasis on control, job specialization, and precise job

definitions. However, the organic structure fosters employee autonomy, self-directed work units, and decision-making involvement. Both arrangements work based on the current technical and commercial environment. (Hage & Dewar, 1973; Hull, 1988)

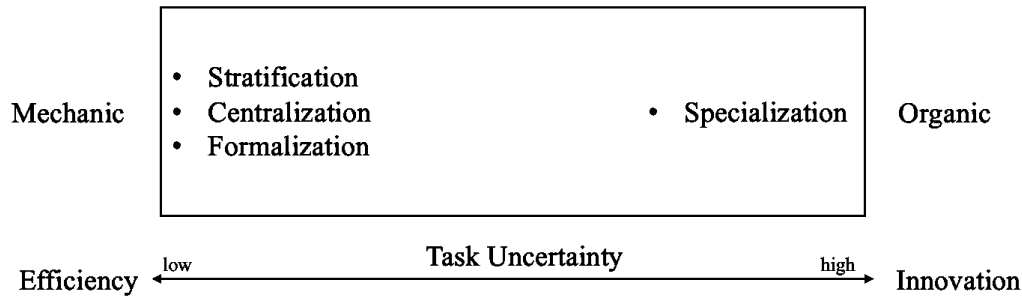


Figure 1: Relation of Organizational Structures (Author's Illustration)

Figure 1 represents the relation between the different factors and how a company can decide on the proper structure. It can be seen that when companies strive for innovation, an organic structure is most likely the better approach to achieve their goals.

2.3 Knowledge Management in Consultancies

Consulting businesses are characterized primarily by their "product," which is the knowledge-based advice they provide to company management in areas like strategy, operations, and I.T (Information Technology) structures. From the client's viewpoint, these services create and share information that improves performance (Krogh, Ichijo, & Nonaka, 2000). Due to the dynamic size and nature of consulting firms, knowledge management (K.M.) is critical and their main asset which they produce and sell (Krogh, Ichijo, & Nonaka, 2000; Ortwein & Spallek, 1998).

The knowledge management strategy's aims, procedures, and approaches define it. Goals, strategies, and approaches may be handled centrally or decentralized (Blessing & Bach, 2000; Voß & Gutenschwager, 2001).

2.3.1 Centralized

Consulting businesses dealing with standardized solutions for comparable situations should concentrate on a single K.M. approach (Heilmann, 1999; Post & Weggeman, 1999).

These consulting businesses have codified, stored, disseminated, and reused this information. It is separated from the person who invented or acquired it and then reused for numerous uses. Electronic document, content, and knowledge management systems are set up and handled from the top down (Hansen, Nohria, & Tierney, 1999; Sarvary, 1999; Tucher von Simmelsdorf, 2000). Central

distribution subprocesses include distributing knowledge from a database to employee requestors. Even if the database is replicated geographically, the process is still maintained centrally.

2.3.2 Decentralized

Customized solutions to specific challenges need a decentralized K.M. strategy (Sarvary, 1999; Heilmann, 1999; Post & Weggeman, 1999). Since consumer demands vary greatly, codified information is useless (Hansen, Nohria, & Tierney, 1999). The consulting firm's expertise, or somewhat tacit knowledge, might be utilized to produce creative solutions (Heilmann, 1999).

In this instance, knowledge is tightly linked to the learner. Individual networks are created to link people to tacit information that may be communicated directly "person-to-person" (Hansen, Nohria, & Tierney, 1999; Tucher von Simmelsdorf, 2000). Decentralization is a bottom-up method. Management is only loosely engaged in coordination and finance and does not pre-define the themes or emphasis. It is rather a market-driven system with little administrative work (Sarvary, 1999; Tucher von Simmelsdorf, 2000).

2.4 Internationalization

Internationalization expertise is crucial for long-term success, it helps for horizontal development into new markets, the successful growth of existing firms in foreign countries, and effective administrations. An ongoing relationship between the sources and users of internationalization expertise, top management is needed and crucial to build. (Fletcher & Harris, 2012)

2.4.1 International Entrepreneurship

Academics have presented a new perspective on organizational culture in international entrepreneurship. The study conducted by Wright and Ricks (1994) revealed that the international environment or surroundings influence entrepreneurial companies' worldwide operations.

Additionally, the study on international entrepreneurship has considered the relationship between (international) entrepreneurial behavior and national institutions (Bowen & De Clercq, 2008; Gohmann, 2012; Muralidharan & Pathak, 2017; Nasra & Dacin, 2010). The phenomenon of the "country institutional profile" has been developed to examine why and how entrepreneurial activities change across different economies, as well as to describe the degree to which the intensity of business activities is affected by different regional institutions (Praveen Parboteeah, Hoegl, & Cullen, 2009).

According to another field of inquiry, the notion of "institutional distance" is used to examine differences in the institutional environment across countries. Which is believed to have an impact on

the choice of companies and about whether or not to join a particular market (Salomon & Wu, 2012; Schwens, Eiche, & Kabst, 2011; Zucchella & Magnani, 2016).

Another element that distinguishes entrepreneurial operations in various foreign settings is the influence of social and cultural trends (Bruton, Ahlstrom, & Li, 2008). The socio-cultural context was investigated by Shane (2003), who described the specific ideas and conventions associated with certain kinds of behaviors, the unfavorable or favorable beliefs of the public toward profit-seeking activities, and the existence of entrepreneur concepts within society.

While conducting a correlative entrepreneurship literature review, Hayton et al. (2002) divided cultural identity into three tiers, based on the characteristics of the country, the institutions, and the individuals.

One other element that may impact international entrepreneurship is the demographic features. Entrepreneurial demographics are concerned with allocating people in society based on factors like age, income, sexual orientation, and educational attainment. According to Barney and Hesterly (2010), acknowledging demographic information about a society can aid in determining whether a potential product or service to be offered in the market could find a niche, as well as in forecasting the number of clients and the desire for that product or services in the marketplace.

2.4.2 Culture

When deciding to enter new regions, the aspect of culture needs to be considered. The idea behind "culture" can be defined as a similar way of reacting, thinking, or feeling in a national or professional context. Different values to each specific culture distinguish them from one another. It gives a feeling of a more extensive meaning and an identity to the work of companies. (Gibson & Gibbs, 2006)

Culture can have a significant influence when entering a new region. Therefore the most significant boundary to overcome is cultural distance. Cultural distance focuses not only on the demographic distance of the company but also on how far the domestic culture is different from the new desired one. Thus, trust and partnerships are needed for good working conditions. (Oertig & Buegri, 2006)

One possibility for the newly expanded company would be to create a "third culture," which is a merger out of the national and the new one. It can help redefine and shape a corporate culture in which everyone feels welcomed by creating the right synergies right from the beginning. The national culture should still rely upon as the basis for future planning, decisions, and cultural fit later when searching for new employees. It is necessary to define the core concepts and values transmitted across various regions and to find common ground. (Rodriguez & Wilson, 1995)

How management can handle cultural differences in an international marketplace will set the company's foundation for success. Management principles of culturally specific organizations participating in joint ventures are likely to affect a new hybrid culture's character and typical value through socializing and negotiations. (Brannen & Salk, 2000)

2.4.3 Global Mindset and Networking

Rather than regulatory frameworks, the evolving concept of global mindset suggests that a company's long-term competitiveness in a globalized economy is influenced by its management's intellectual capacities, with the central role delegated to mindset-based proficiencies rather than regulatory frameworks within an organization (Levy, Beechler, Taylor, & Boyacigiller, 2007; Buzavaite & Korsakiene, 2019).

In addition to being known as "transnational mentality" or "multinational mindset," the global mindset involves personal views and abilities, the competencies of individuals and organizations, and the regulations and organizational structures of businesses. A global mindset is formed through cultural identity and approachability to diffuse international principles and behaviors into the business process. It is also rooted in a strategic point of view and affected by international economic integration methods, such as integrating processes and markets that are geographically distant from one another. A complex managerial mindset is strongly impacted by recognizing needs and possibilities across nations (Bartlett & Ghoshal, 1989).

Mental abilities in management teams result in more effective worldwide related information handling. It can align local integration with international trends and adaptiveness, recognizing and furthering integration into cultural contexts and businesses. By identifying and then emphasizing similarities rather than regional differences while still deciding (Levy, Beechler, Taylor, & Boyacigiller, 2007; Maitland & Sammartino, 2014). To achieve a global mindset, the organization's current method for managing global challenges should be defined in its vision and incorporated into its organizational processes. This will assess the conceptual framework for the management teams in their behavior, which is often insufficient on its own to achieve a global mindset (Govindarajan & Gupta, 2001).

As described by several authors, the global mindset is an independent cognitive structure characterized by an acceptance and clarification of diverse social and strategic facts both on the national and global level, as well as the intellectual ability to negotiate and incorporate throughout the multitude of facts (Levy, Beechler, Taylor, & Boyacigiller, 2007).

An overview of the SME internationalization research has focused on network-based research suggest that entrepreneurs must establish and successfully implement strategic partnerships rather than going through formal structures of browsing for and evaluating evidence (Evers & O'Gorman, 2011). Recent studies have demonstrated that such networks support entrepreneurs by enabling access to tips and guidance about technology, expertise, and skill while enhancing their ventures' credibility (Arregle, et al., 2015; Parida, Pesämaa, Wincent, & Westerberg, 2017; Batjargal, 2010).

The ability to use one's education is embedded in the development of foreign new markets, different languages and acquired through extensive international travels, as well as interpersonal connections. They serve as the framework through which access to a range of sources kept by prospective partners internationally is provided. (Buzavaite & Korsakiene, 2019)

3 Methodology

The primary approach for this methodology will be semi-structured interviews and a survey. Considering the complex nature of the study and the goal of collecting comprehensive data, this dissertation employs a mixed-methods approach, combining several research methods. This allows a more methodical study and evaluation of the start-up's issues from various angles and has been documented in the literature as an efficient approach for putting information into action (Molina-Azorin, Bergh, Corley, & Ketchen, Jr., 2017).

The project is based on a solid knowledge of the management consulting sector. To begin with, a secondary research technique is used to build a knowledge foundation of the relevant topics. Current and historical journals have been processed and appropriately interpreted upfront. Internally, there are various reports, a playbook for new employees, and publications. Secondary research aids in the development of the analysis and sheds light on the consulting sector, including its underlying fundamental values and ideals.

With regards to the qualitative research, expert interviews have been conducted. The interviews followed a non-standardized, semi-structured approach. The semi-structured interview is one of the most suitable techniques for this study since it searches for many insights connected to the research. Additionally, the semi-structured interview establishes a dialogue that allows the collection of relevant specific data and even the exploration of each topic's background. (Walle, 2015)

However, semi-structured interviews are often linked with a lack of dependability and some prejudice, influencing the interview's quality. Nonetheless, by using semi-structured interviews, the researcher can eliminate response gaps and the type of answers (DeJonckheere & Vaughn, 2019). This method allows for the inclusion of internal and external perspectives on different management approaches for growth; this enables the author to develop a guide for controlling the session's flow while retaining a certain amount of flexibility.

Apart from planned questions, the semi-structured approach allowed the extraction of crucial supplementary information during the interviews, which took between 21:06 and 31:12 minutes. These interviews delivered subjective data. These were systematically analyzed through the use of a coding tree and helped comprehend each interviewee's viewpoint and trends that emerged throughout and between interviews. The interviewees volunteered to do the interviews but wanted to stay anonymous and pointed out that their opinions are personal and should not be directly linked to their (previous) companies. The following table summarizes the expertise of the various specialists, along with their different expertise (see Table 1).

Interviewee	Position	Company	Relevance
Partner 1 (IP1)	Unit Leader	PPI AG	Experience in leading 80 people in 3 different countries. Part of the leadership team.
Partner 2 (IP2)	Ex-Director	McKinsey	16 years of working experience as a director at McKinsey.
Partner 3 (IP3)	Senior Manager	Amazon	View of the organizational structure of one of the biggest corporates in the world.
Partner 4 (IP4)	Investor	Venture Partners	Knowledge of different start-ups and what the best practices and structures are easily applicable.
Partner 5 (IP5)	Director	Católica Innovation & Entrepreneurship	The academic perspective of organizational structures and what is essential for a start-up.
Partner 6 (IP6)	Ex-Manager	KPMG	Managed several years of a team at KPMG. Knowledge of KPMG structure.
Partner 7 (IP7)	Ex-Manager	Deloitte	Managed several years of multiple teams. Knowledge of Deloitte structure.
Partner 8 (IP8)	Manager	Boston Consulting Group (BCG)	Current manager at BCG and responsible for the expansion and group dynamics.
Partner 9 (IP9)	Director	EY-Parthenon	Explained the structure of EY-P and how to manage a boutique consultancy within one big.
Partner 10 (IP10)	Ex-Manager	EY	Managed several years of multiple teams. Knowledge of EY structure.

Table 1: Interviewees

Additional quantitative research was performed to define and identify what future employees prefer to create a robust governance structure in which every employee feels involved and to get a more profound knowledge of their preferences. The survey was created based on the literature and interviews for consultants to understand what structures and practices they want most. This procedure may provide a total of 212 concluded answers. The study was conducted between November 24 and December 09, 2021. By analyzing the preferences, start-up consultancies can understand what to focus their structure on and be strengthened in their current tactics. The gathered data was statistically analyzed and interpreted using SPSS version 26.

4 Data Analysis

The key findings of the mixed research approach are covered in this section of the dissertation. First and foremost, identifying the best practices require a thorough grasp of the market and the companies' organizational structures. As a result, the most important conclusions from the external interviews about the sector and structure were summarized below (Table 2).

The interviews are useful as they provide real business cases of how the identified literature is working out. It is expected that the interview partners will share the current organizational structure within their companies but also provide tips for future consultancies. Important to keep in mind is that no sensible data is shared, and the competitive advantage of the companies is kept as a secret. Most of the tips are therefore common knowledge but through the applied semi structured interview guide it was anticipated that some useful information will be unknowingly shared. Through the interviews the following hypothesis are going to be tested:

H₁: Most consultancies differentiate themselves through specialization no matter their size.

H₂: The matrix structure is still used nowadays in the consulting sector.

H₃: Consultancies use money as a main incentive for their employees.

H₄: Specialized employees are more important in a consulting team.

H₅: Knowledge management happens mostly formally through databases.

Category	Code	IP1	IP2	IP3	IP4	IP5	IP6	IP7	IP8	IP9	IP10
Capabilities	Differentiation through niche/specialization	✓	✓		✓	✓	✓	✓	✓	✓	✓
	Differentiation through reputation		✓					✓	✓	✓	
	Differentiation through size/diversity		✓	✓		✓			✓	✓	✓
Structure	Matrix structure	✓	✓			✓	✓	✓	✓	✓	✓
	Functional Structures			✓		✓				✓	
	Divisional Structures			✓	✓	✓					
Processes	Use of Top-down approach		✓			✓	✓	✓	✓	✓	✓
	Use of Bottom-up approach			✓							
	Undefined										
	Leadership team decides about innovation	✓	✓		✓	✓	✓	✓	✓	✓	✓
	Centralized decision making in general		✓	✓		✓	✓	✓	✓	✓	✓
Decentralized decision making in general	✓			✓							
Rewards	Money	✓	✓		✓	✓	✓	✓	✓	✓	✓
	Promotion	✓	✓	✓		✓	✓	✓	✓	✓	✓
	Acknowledgment from colleagues		✓	✓		✓	✓	✓	✓	✓	✓
	Intrinsic Motivation			✓	✓	✓					
People	More Specialized are needed	✓	✓			✓	✓	✓	✓	✓	✓
	More Generalists are needed			✓	✓						
	Continuous development is required to specialize	✓	✓		✓	✓	✓	✓	✓	✓	✓
	Development is given for employee interest	✓		✓	✓	✓				✓	✓
Onboarding	Use of Buddy/Mentor Program	✓	✓	✓		✓	✓	✓		✓	✓
	Find it useful	✓		✓		✓					✓
	Find it not useful		✓				✓	✓		✓	
	Knowledge exchange through internal documents/webpages	✓	✓			✓	✓	✓	✓	✓	✓
	Knowledge exchange through connecting to others	✓		✓	✓	✓		✓			✓

Table 2: Qualitative Content Analysis (own illustration)

After transcribing all interview partners had unconsciously covered the Kate and Galbraith STAR model. The STAR model is explained in more detail later in this chapter. Therefore, by creating the coding framework, the model's foundation has been used as the category while also adding knowledge management of new hires.

Table 2 represents the results of qualitative content analysis (Mayring, 2015), but it does not include all the findings. Further findings and shared experiences are throughout the chapter shown and explained. Every interview partner has answered a set of 13 questions which have been around the themes mentioned in table 2. Every interview started with the introduction of the interviewees; the further chosen questions afterward have been chosen randomly following the natural flow of the conversation.

To easier analyze the interviews, all partners have been divided into subgroups. The selected interviewees can be divided into groups: the first group would be here defined as the “tier 1” consultancies meaning IP8 and IP9. The second group is the medium-sized consultancies “tier 2,” represented through IP1, IP2, IP6, IP7, and IP10. The classification between the consultancies is helpful as it shows how the market leader handles their organizational structure compared to the second-best in the market. The third group covers the start-up experts IP4 and IP5. Lastly, the view from IP3 (Amazon) should give hints on how one of the biggest corporates is designing their organizational structure to function; this viewpoint can help understand how to govern a variety of people and help focus on the main pain points of the past.

Group 1 – “Tier 1”	IP8, IP9
Group 2 – “Tier 2”	IP1, IP2, IP6, IP7, IP10
Group 3 – Start-Up Experts	IP4, IP5
Group 4 – Amazon	IP3

Table 3: Interview Partner Separation

4.1 The Management Consulting Sector

As identified in the literature before, most of the consultancies nowadays are structured in the matrix structure. The matrix structure has advantages and disadvantages like all kinds of organizational structures. When asking the interviewees how they perceive their organizational structures, most of them said that it helps with the communication within the whole organization (IP1, IP2, IP7, IP8, IP9, IP10). Indicating that H_2 cannot be rejected. H_3 also cannot be rejected when looking at the coding tree.

The interviewees from group 1 viewed their organizations as superior in contrast to the others; they did not put much focus on hiring the best as they believed through their reputation that the best talents are the only, they hired. The flexibility within the organizations is relatively low. Most consultants can specialize on one topic they like, but it needs to be defined upfront and match their goals. Even though most of those consultancies are attracting a lot of young talents and trying to be seen as agile, the reality looks different, as the interviewees explained. From their point of view, to be successful, structure is needed, especially in the beginning. The knowledge in those consultancies is managed through internal databases, reports designed by teams, and continuous learning. Every new employee starts initially with only learning about current projects and adapting to the expertise needed. As knowledge and people are important factors of those companies, keeping the knowledge is necessary to stay at the top. IP8 stated that “our reputation attracts the best talents we need to be fast with new hires to bring them up to speed – only through this way we have the possibility to serve the customers in the best possible way. Mostly the hiring manager gives the information to the new hires to guarantee the correct understanding of the project.” When looking at the coding tree it is possible to see that H_1 and H_4 also cannot be rejected.

In contrast at Amazon, the knowledge exchange is relatively low. Group 4 mentioned that “knowledge is fast acquired here but no one has enough time to write down the knowledge so when the person leaves the knowledge is gone. We are lucky that we always have good people who are fast learners but sometimes this can cause time pressures for some projects.” Some internal documents exist but not in a satisfying way as the senior manager states. The next employee in this position starts from the beginning to acquire the expertise and skills. This is not a possibility for consultancies as it would be vulnerable to other competitors. This is only working at Amazon due to its size and its functional structure. To clarify better, Amazon counts more than a million employees in various positions it needs to be focused on its core business and to serve the customer best. What happens often is that new issues arise fast, or a problem is better understood by a certain group thus those people take over the project and fix the issue. In a consultancy the projects are changing often, and every client is different. Consultants need to have a good understanding of previously done work and apply their knowledge accordingly to former projects.

The second group of medium-sized consultancies had similar anticipation, but the flexibility was higher when compared to group 1. When asking the interviewees what they would perceive as most important about their resources, most said the people are working within. As IP1 answered “consulting is a people business we would not be that good if we would not have our employees, they are the drivers of the company”. Reputation is important but what is driving the company are the

people or even, as IP2 said, "the young and motivated associates." Most of the junior colleagues are perceived as useful as they are more generalists, and specializations occur with the seniority. It is necessary to have generalists and specialists in the team as this covers the broad requirements of the clients. Group 1, of course, values their employees. However, when asking about the most important resource within the organization, most of them first mentioned its reputation and network before referring to the employees. IP8 clearly mentioned "We do not have the problem that we miss qualified employees. The best talents want to work for us as we are the best in the market, so yes our reputation is the most valuable resource we have." Both consultancies heavily rely on good knowledge management to keep their competitive advantage. Internal data resources, reports, and a buddy/mentor are useful for new hires and knowledge exchange. After analyzing the statements, it is not possible to reject nor to accept hypotheses five, the knowledge exchange does not happen solely through databases but also through the interchange between employees.

4.1.1 Structure

To better understand the organizations, it is necessary to examine the structures further. After conducting the interviews, it was possible to code the interviews and divide the organizational structures into two main categories with six subcategories. Both aspects are presented in the table below.

Main Category	Subcategory
Bureaucracy	Specialization, Generalization, Hierarchy, Formalization
Control	Centralized decision making, decentralized decision making

Table 4: Structure Breakdown (own illustration)

Bureaucracy

Subcategory	Topic	Mentioned times
Specialization	Professional and personal specialization, general	25
Generalization	Generalists required in the beginning and possibility to educate on own interests	40
Hierarchy	Innovation process, leadership control, long processes	10
Formalization	Processes, Regulations, Decision Making	8

Table 5: Bureaucracy Breakdown (own illustration)

During the interviews 25 times, the partners have mentioned specialization as one crucial aspect for the senior positions. To have a chance in the market, the start-up consultancies need to be specialized in some market with the most knowledge. When starting with the strongest sector, the reputation can

be built, and a broader network established. Especially group 2 is referring to a good network as it can be useful to attract new customers or even new markets.

Even though generalists are not the key element for consultancies, they have been mentioned 40 times by the interview partners. Around 32 out of the 40 comments have focused on the necessity of generalists in teams. They provide a balance within the team and evaluate certain situations from a neutral perspective. The rest of the 40 comments have also been focusing on the possibility of developing certain skills unrelated to work.

When speaking about the hierarchy in the organization, 8 out of the ten comments have been focusing on the innovation process driven by the leadership team rather than by the employees. The other two comments have been made from IP3 as the hierarchy there is rather focused on long processes to get projects approved, but innovation is driven through everyone.

The last subcategory formalization had, in total, eight comments from the interview partners. All the comments have been around that the decision-making process that is related to certain positions but not limited to certain positions. The processes on how to get certain things through go through a variety of levels which is caused due to the nature of the matrix structure.

Control

Subcategory	Topic	Mentioned x times
Centralized decision making	Need to have more decisions centralized, wish to have more flexible decision-making structures, top-down approach	20
Decentralized decision making	Problems of decentralized decision making, wish to change current decentralized decision making, button-up approach	13

Table 6: Control Breakdown (own illustration)

When considering control within the organizational structure, the topics touched have been centralized and decentralized decision-making, how the decision-making process flows, and the wishes for a change. Ten out of the 20 comments have been concerned with the importance of a centralized decision-making structure and how to handle an effective top-down approach. The rest of the comments focused on the need for centralized decision-making and the wish to be more flexible. It was rather difficult for the interview partners to draw the line where change was needed, but it was ten times mentioned.

When discussing decentralized decision-making, 13 comments have been focused on the disadvantages of this structure and the wish to be more centralized. It is a fine line between too much

and too little control. It is necessary to give every employee the possibility to decide on their own project/responsibility. The bottom-up approach can sometimes work like in the case of Amazon, but a functional structure is more beneficial for this outcome.

4.2 The Start-Up Expert Point of View

After analyzing the interviews with the consulting experts, a deeper look also needs to be taken on the start-up experts. One of the experts has founded their start-up and brought it to market. Now he is an investor and has seen various start-ups fail and succeed. The other expert is from the Católica Lisbon University and is the Center of Technological Innovation and Entrepreneurship Director, providing the academic perspective behind organizational structures. To establish a good functioning start-up well defined structure, need to be further examined.

4.2.1 Structure

Establishing a start-up can vary in terms of organizational structures. Most of them start so small that a structure is not even needed for the first months, but when the business is growing, sometimes catching up with the process can become a challenge in itself. The comments of the interview partners could be summarized under the main categories of control and market presence aspect with five subcategories.

Main Category	Subcategory
Control	Hiring, Product Development, Job Positions
Market Presence	Specialization, Network

Table 7: Structure Breakdown Start-up (own illustration)

Control

Subcategory	Topic	Mentioned x times
Hiring	Attracting the right employees, Knowing the need of employees	5
Product Development	How the product should be developed, leaving freedom for everyone to innovate	2
Job Position	Have a clearly defined position before it escalates, provide detailed descriptions about the job functions	8

Table 8: Control Breakdown (own illustration)

Hiring is at the beginning of the start-up an important aspect. The five comments covered that a business should know what kind of people they need, and most likely, generalists are at the beginning more needed than specialists.

The comments on product development have been more focused on leaving room for innovation but still deciding who should have the last say in the product. From the academic perspective, this has

been more important than from the investor side. The investor was rather of the opinion to leave the room open as the best ideas, in the beginning, are developed like this.

In terms of control, both partners highlighted the need for clearly defined job descriptions (eight comments), as one major mistake is having an important task without a specific owner. This can cause roadblocks or even disappoint future customers. On this aspect, both partners aligned. It was important to have a basic knowledge of the position to know whom to escalate to when something went wrong.

Market Presence

Subcategory	Topic	Mentioned x times
Specialization	Having a concrete product, reducing a customer pain point, serving a niche market	10
Network	Having the right people to call for help or advice, already having some customers	4

Table 9: Market Presence Breakdown (own illustration)

The second aspect mostly highlighted by the start-up experts has been the market presence needs. They did not even consider employee specialization within the specialization aspect but rather company specialization. The ten comments focus on serving a niche market and finding the right customer pain point to tackle. It was necessary to have a concrete product rather than only a broad plan. Of course, a consultancy has no tangible product, but even having specialization on one specific industry pain point is crucial.

The four comments on the network have focused on one aspect: having people call for help and having potential customers in mind already. The network was seen as an important but not crucial factor for success. It can make the life of a start-up easier in the beginning but will not guarantee long-term success.

4.3 Survey

The survey aimed to identify the preferences of the organizational structures of different sectors. By looking at different sectors the goal is to see the differences to the business consulting sector compared to other sectors. Further, due to not specializing on race, gender, or age it was possible to focus on the qualification and background of the participants instead on demographics. It should allow the newly created organizations to focus on more organic or mechanic structures. Focusing on one of these structures only could become problematic through the design of the questions. The participants could choose which aspect they perceived most important. In the end, through the analysis of the results, the start-up should have the preferences of future employees and can compare them to the

needed structures. This will improve the satisfaction of the employees and give the start-up the possibility to be more attractive than the competitors.

4.3.1 Validity and Reliability

In total, 212 people participated in the survey, but only 184 completed the survey, meaning only 185 respondents can be considered for analysis. The targeted population was every employee who is employed or who is searching for a job currently. Regardless of whether the survey was anonymous or not, all questions had to be answered. The poll was selected to be anonymous since people feel more comfortable answering the questions anonymously. It was agreed not to inquire about the respondents' nationality or geographic region to maintain objectivity. The survey's questions were carefully and accurately aligned with the research topic and the accompanying research questions by looking at the hypotheses seen in the literature and also speaking with the head of talent acquisition of the Portuguese Start-up consultancy. Reducing response bias is a critical step since responses to questions might be sensitive to wording. This was ensured by asking for the same information with various inquiries. Furthermore, it was critical to eliminate the central tendency bias, which is common when questions are answered on a scale of one to three. People are less likely to respond to extremes and prefer to stay in the medium. As a result, it was decided to use Likert scales ranging from one to five to obtain more precise data. The order of the questions was determined completely randomly by Qualtrics to eliminate self-selection bias and survey order bias.

Several sorts of questions were utilized in this survey, including multiple-choice, slider questions, rank order, net promoter score, and matrix table. Scales, drop-down lists, simple selection next to and underneath each other, and a matrix are among the different sorts of response options available. All of the numerous sorts of response options were chosen to keep the participants' interest and motivation strong and reduce the chance of respondents abandoning the survey due to boredom.

Last but not least, sampling bias was minimized by selecting samples solely based on chance. The survey was disseminated through a variety of media outlets. LinkedIn, Facebook, Instagram, and WhatsApp were all used to share the survey link. In addition, the link was shared on the SurveyCircle website. The survey questions can be found in Appendix 2. In the next chapter findings of this survey are going to be analyzed.

4.3.2 Findings

To make the findings easier, the results of the demographic questions will be addressed first, followed by questions 1-15 being chosen and elaborated based on the importance of the results and the research

fields. However, for the sake of this thesis, only the most important findings from the total survey, mostly in percentages, will be presented.

The demographic statistics are provided in full at first. In total, 212 people have decided to look at what this survey is all about. This survey was completed by 185 participants from a randomly selected sample. Around 55% of the participants are between the ages of 16 and 25, and the majority of the responders (87%) hold a bachelor's, master's, or doctoral degree. Furthermore, 44.55% of the participants are employed, 36.63% are students, 11.39% are unemployed, and 7.43% work part-time. Finally, 50% of the participants have worked for the company for less than a year, 37.62% have worked for the company for one to five years, and 12.38% for the company for more than five years. In terms of the sector, most of the participants (39%) are working or are planning to work in the business, consultancy, and management sector, indicating a good sample of potential new employees.

The participants have been asked to say how important culture is with the scale ranging from 0 to 100%. The sample's mean was 73.70, with a standard deviation of 21.25. Meaning most of the answers are above 50% of cultural importance. When looking at motivating employees, four categories have been provided and asked by the participants to be ranked from 1 being the most important to 4 being less important. Surprisingly 40.31% have ranked intrinsic motivation as the most important, followed by money with 38.76%. Intrinsic motivation has the second biggest counts for the fourth place, showing that people either perceive intrinsic motivation as most important or not relevant. The further weight of the other ranking is shown in the picture below.



Figure 2: Ranking Order Motivation (Qualtrics Survey)

The survey also aimed to find out working preferences. For instance, the majority, with 51.51%, said that in a group, both generalists and specialists are needed, but more specialists are better. They prove the point of the interviews that both are needed, but specialists are seen as more valuable within a team. In addition to this, around 55.10% want an organizational structure in a mix of flat and hierarchical, closely followed by 39.29% of votes for a flat hierarchy. Most participants are relatively young, and a clear trend towards a healthy balance within organizational structures is wanted.

The maximum number of people in a group is around 62%, between five to ten people, and when asked if the participants would like to have more projects/contact with colleagues outside the home location, 52.55% wanted to have both of them.

Even though the sample represents various sectors, most participants have been onboarded with similar tools/practices. The leading category was "internal documents," with 26.47% of the votes. When asked to say what was most useful or wished for, 36.25% chose a Buddy and Mentor Program, followed by an onboarding week with 24.47%.

To estimate if an organic or mechanical structure is more liked within the participants, both structures have been displayed with their characteristics next to each other. When looking at the results, the first three categories showed a bigger preference towards the mechanic structure and the last two rather to

an organic structure. This helps determine which areas to focus on when deciding on internal processes.

4.3.3 Interpretation

In this interpretation part, the focus is on answering the two hypotheses in research question two:

H1: Different working sectors have different preferences regarding organizational hierarchies and organizational structures.

H2: There is a correlation between the tenure in the company and the synergies with the company's value.

As this dissertation is trying to help start-up consultancies to establish a good functional structure for its culture and governance, the main interest is in the business, consultancy, and management sector. In order to do so, a descriptive data analysis has been made by using SPSS Version 26. The dependent variable for the first hypotheses is the different sectors, while the independent variable is the organizational hierarchies and structure preferences. A crosstab was created with those variables to see what each category has answered as preferences clearly. The bar chart below summarizes the results.

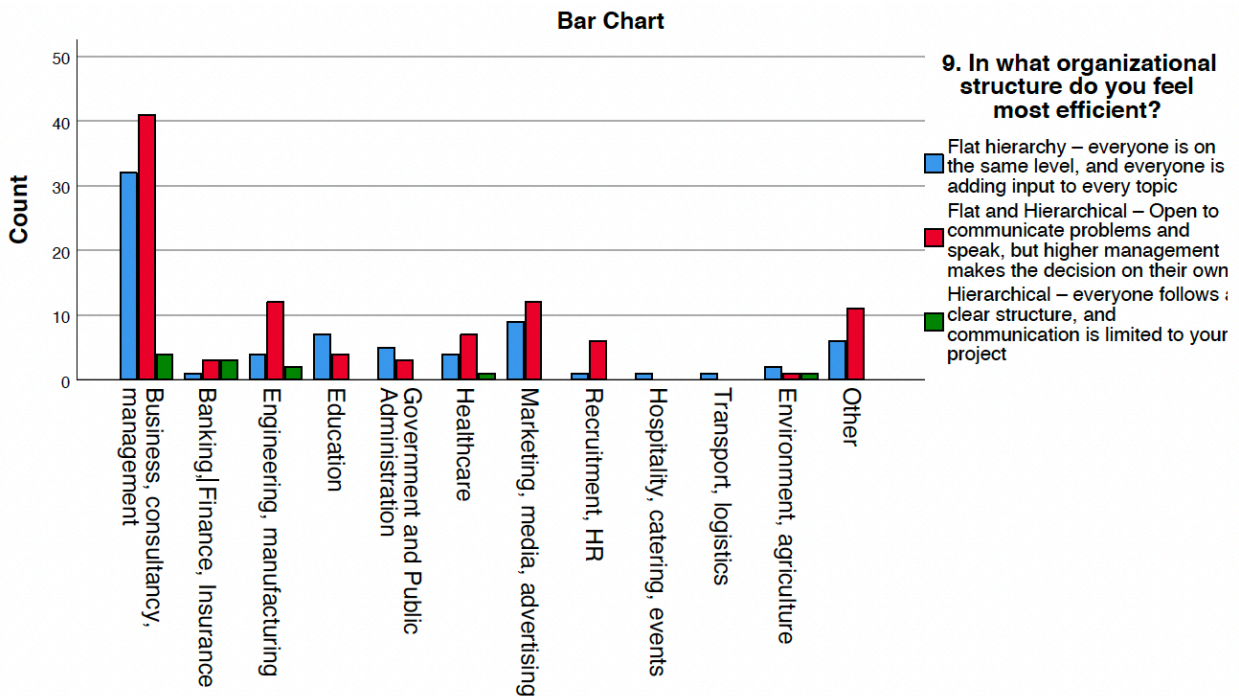


Figure 3: Organizational Hierarchy Preferences (Survey Data Analysis)

Keeping in mind that the highest number of participants is from the business sector, it is still possible to see a trend towards a mixture of organizational hierarchy. It seems that the people in the first category want flexibility but also have in contrast with the other groups' tendencies towards a hierarchy. Besides the Banking, Finance, and Insurance sector, no other sector has that many counts for a preference of hierarchies.

In terms of having a rather organic vs. mechanic structure, the first finding has been that the first three categories are more mechanic while the other two are rather organic. These assumptions can be approved when now considering the analysis and focusing more on the business sector. In nearly all categories, the business sector has most of their choices by two (1,2 = organic, 3 = middle, 4,5 = mechanic) and 4, showing that the people working there have either stronger desires towards organic or mechanic structures. Please refer to Appendix 3 for a detailed demonstration of the choices from the different sectors. One idea behind that could as well be that the group +35 years old is more influencing the mechanic structures. However, when performing correlation analysis on that, we only have a low significance in terms of preferences in department structures.

Correlations

		1. How old are you?	15. What do you prefer more? - General tasks: Specialized tasks	15. What do you prefer more? - Lossely defined departments and hierarchy: Well-defined departments with clear hierarchy	15. What do you prefer more? - Decentralized decision making by many individuals: Centralized decision making by a few people	15. What do you prefer more? - Integration achieved by managers and employees interacting and exchanging information as needed: Integration achieved by formal manager meetings	15. What do you prefer more? - Flexibility and capability of rapid change: Clear and efficient reporting relationships
1. How old are you?	Pearson Correlation	1	,111	,148*	,062	,066	,005
	Sig. (2-tailed)		,133	,044	,399	,372	,945
	Sum of Squares and Cross-products	71,913	13,130	18,826	7,696	8,652	,696
	Covariance	,393	,072	,103	,042	,047	,004
	N	184	184	184	184	184	184

Figure 4: Correlation Age and Organizational Preferences (Survey Data Analysis)

All in all, it is possible to say that H1 cannot be rejected. Most of the different sectors have different preferences in terms of organizational structures, whereas a clear trend in every sector can be seen in the combination of both organizational structures.

For the second hypothesis, the assumptions have been made that the tenure of employees is linked to the company's synergies. For proving this hypothesis, the dependent variable is tenure, and the

independent variable is the connection to the company. First, the independent variable needed to be transformed into multiple response variables to be used. The next step was to create a correlation matrix with those two variables. The result can be seen below.

Correlations

		5. How long have you been in the company?	12. How connected do you feel with the values of your company?
5. How long have you been in the company?	Pearson Correlation	1	,126
	Sig. (2-tailed)		,087
	Sum of Squares and Cross-products	92,454	28,941
	Covariance	,502	,157
	N	185	185
12. How connected do you feel with the values of your company?	Pearson Correlation	,126	1
	Sig. (2-tailed)	,087	
	Sum of Squares and Cross-products	28,941	567,805
	Covariance	,157	3,086
	N	185	185

Figure 5: Correlation Tenure and Company Connection (Survey data Analysis)

When looking at the number, it is possible to say that the H2 hypothesis needs to be rejected. The correlation is relatively insignificant and cannot prove that a correlation exists. As this result was rather a surprise, a small correlation test has been made between tenure and incentives, but as in the case above, no significant correlation can be found. The correlation between tenure and incentives can be found in Appendix 3.

The rejection of H2 can be interpreted that culture or different kinds of incentives influence the tenure of an employee. Meaning a company can improve in all these aspects, but an employee could still leave quickly.

One assumption to this is that, as previously mentioned, the age group of the participants is relatively young, and most of them are at the beginning of their careers. The latest trends are considered job hopping instead of staying loyal to one company. Generation Y is perceived as a job hopper, and with the now coming generation Z, this trend is most likely to be continued. Generation Z has its own set of job expectations and desires. Money is certainly important to them, but it is not at the top of their priority list while looking for work. Generation Z has many expectations, which and they are not only related to a high pay. As a result, businesses must gain insight into the next generation to comprehend them. The most common criterion is whether the organization offers development programs when

looking for a career. They value experience and knowledge, which leads to the assumption that they will advance within the organization by improving their skills and competencies. Gen Z loves flexibility in the workplace, not only in terms of time but also in the type of job. They like working while honing their talents and abilities, demonstrating that they value having a meaningful career and thereby pursuing their passions. It is critical to figure out what makes a job wonderful and meaningful for Gen Z to motivate and improve their job happiness. On the other side, open and transparent communication will aid in obtaining Gen Z's trust within the organization. (Nabahani & Riyanto, 2020)

4.4 Fits and Problems

Following the analysis of both qualitative and quantitative data, this chapter summarizes what both studies have shown and where prospective difficulties may develop.

According to the interviews, the common current consulting business is organized in a matrix format since these structures provide the greatest value to the possible consumers in terms of expertise. As a consultant, the exposure to long working hours and tight hierarchical processes is huge, which can be either read about or experienced itself when beginning this career. Most of the younger individuals and graduates are still attempting to pursue a career in business and consulting, as seen in the statistics. As those results demonstrated, there is still a huge potential for growth.

There is a strong correlation between the qualitative and quantitative analyses. Most individuals also believe that a group needs both generalists and specialists but that specialists are more valuable to the team. The majority of consultancies provide specialization opportunities to their employees during their tenure with the company.

Furthermore, most workers who are now graduating are attempting to concentrate inside a single industry. The only element that the quantitative analysis found to be necessary was the option of specialization outside of the organization's primary aim, which was not included. Given that consultancies are focused on objectives, specialization outside of the corporate aim may be considered a waste of time, resulting in many difficulties.

Another match, which was a little unexpected at first, was that individuals in the business sector are more interested in more structures and organizational structures, such as specialized jobs or well-defined divisions, when it comes to quantitative analysis. This is provided in the present matrix structure of consultancies, and it is also required for the functional structure. This resulted in the

approval of the centralized decision-making process inside the present consultancies from possible future workers as well as from current employees.

After that, challenges of qualitative and quantitative analysis are considered. One notable feature has been the process of innovation that has taken place inside the present consultancies. Even though structures are essential and participation from workers, the majority of participants desired a more nimble approach to change. When something in the firm is not functioning well, people want to be given the opportunity to modify it without being subjected to hundreds of bureaucratic hurdles. This is a complex issue at hand.

The second issue that we have seen is the misalignment of worker motivation with interview partners thinking that it was necessary, to give them opportunities to advance in terms of promotion or wage increase. Even if this may be true for the older generation, when it comes to Generation Y and Generation Z, it is apparent that there has been a significant change in the trend line. Those younger generations are more concerned with intrinsic motivation and want to work in a position that has personal importance for them. Obviously, monetary compensation is still vital. They would want to be well paid, but this is simply a secondary concern.

The more established consultancies are now in the position of needing to change the public's opinion of their services. Contrarily, start-up consultancies can strengthen such elements from the outset.

Generally speaking, consulting jobs are usually associated with being greedy and simply undertaking them for the sake of monetary gain. However, the newest generation is also joining the job force and generating significant disruption in the process of doing so. Start-ups, particularly in the consulting industry, are needed to reform these outdated structures while simultaneously attempting to incorporate new ones and develop new structures distinct from the matrix or functional structures that have previously existed.

4.5 The Recommended Approach

This chapter will combine qualitative and quantitative data to establish a framework that future consultants may use when deciding on the organizational structure to establish. The use of a matrix form would be counterproductive for future consulting projects. Traditional consultancies have seen a significant transformation, particularly with the influx of members of Generation Y and Z. That is why these younger generations are seeking a different, more nimble organizational structure. As a result, a new firm must concentrate on those generations and attempt to adapt existing structures that have proven successful in the consulting industry. It is planned to use the STAR model in order to

achieve this goal. The STAR model is a more flexible organizational structure that allows start-up consultancies to make greater use of their resources by using them more efficiently. An essential issue to consider is that concentrating only on one organizational structure might result in frustration for the staff. It is vital to see organizational structures as potential additions to the present structure rather than as alternatives to be considered or rejected.

4.5.1 STAR Model

As mentioned at the beginning of Chapter 4, most of the interview partners have been using the STAR model unconsciously when speaking about their current structures. The STAR model is a useful tool for organizing and structuring organizations. It is also going to be used as a foundation when creating the new matrix structure. The model can be found below.

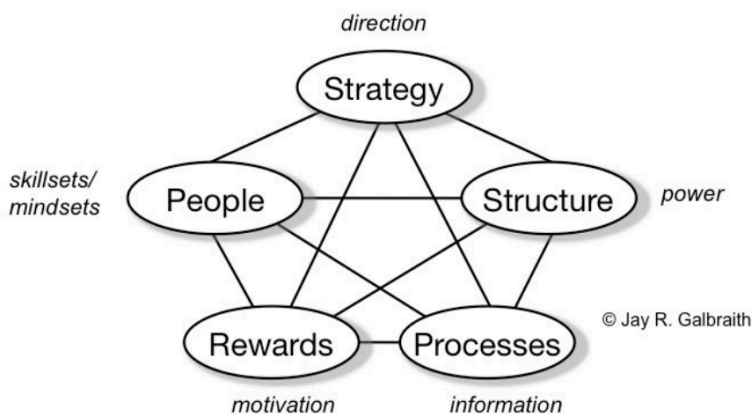


Figure 6: STAR Model (Galbraith J. R., 2011)

The STAR Model framework for organizational design serves as the cornerstone for a company's design decisions. The framework includes a set of design guidelines that can impact employee behavior and are regulated by management. Guidelines are the tools that managers must master to effectively affect the actions and behaviors of their enterprises. Design policies are divided into five categories under the STAR Model. The first is direction, which is determined by strategy. The second factor is structure, which affects where decision-making power is distributed—the third category processes deal with information flow and are used to respond to information technology. The fourth category is incentives and reward systems that have an impact on people's motivation to perform and achieve corporate goals. The model's fifth area is composed of policies dealing with humans that impact and frequently characterize the mindsets and skills of employees. (Galbraith J. R., 2011)

4.5.2 Matrix and STAR

To recall the matrix structure: In its most basic form, a matrix structure entails grouping people into functional departments and teams. Team leaders handle complete sectors or processes on a horizontal level, including all functional components required to support the ultimate output. Vertically, functional units take on a portion of the responsibility for team-integrated functional components. Each project does have its own leader who guides the team toward accomplishing the specified tasks, while the other team leader oversees the many activities involved in the project completion process. The dual authority arrangement is complex and difficult to sustain efficiently. A basic matrix structure can be found below.

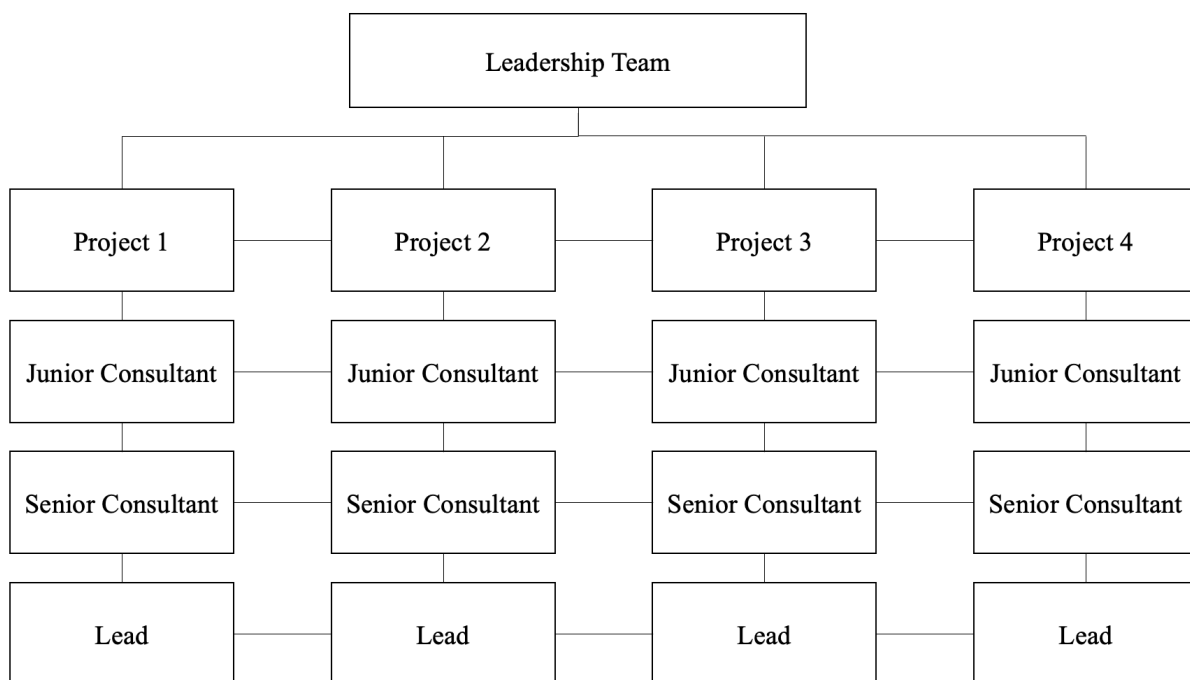


Figure 7: Matrix Structure Example (own illustration)

One part of a start-up consultation should be attempting to blend the classic matrix structure with the STAR model as much as possible. When utilized in conjunction with other structural designs, the STAR Model has the potential to overcome the barriers of each design alone or in combination with others. To put it another way, each organizational structure selection has both benefits and downsides associated with it. Once the negative characteristics of management's most preferred option have been identified, new policies based on the STAR Model may be developed to offset the negative aspects while capitalizing on the positive ones.

A company's structure is merely one aspect of its overall design, as shown by the STAR Model's organizational architecture. It is quite crucial as a disproportionate amount of time is spent on

organizational charts, and a correspondingly little is spent on procedures and incentives in most design projects. As a result of its impact on status and power, the organizational structure is often overemphasized. Any changes are most likely to be published in the business press and proclaimed across the organization. Although the structure is still crucial in a rapidly changing corporate environment, it is becoming less significant in matrix companies as processes, incentives, and people take on more significance.

The company's management may develop the right procedures, incentives, and personnel regulations to mitigate the central entity's negative effects. The central unit, for example, might submit its strategy to the rest of the company throughout the planning process in order to serve them. The leadership team may discuss the idea and come up with a level of service that is acceptable to everyone. It is possible for employees from the central entity and a horizontal team to collaborate on the plan throughout the organization. In addition to its objectives of minimizing duplications and gaining scale, the central entity will be held accountable for delivering the projected service levels that were previously agreed upon. The central entity's results are evaluated and recognized on the grounds of its ability to achieve the objectives set out. To round out the staffing options, a combination of permanent experts and rotating managers from throughout the business on one- or two-year assignments may be used to keep the central entity engaged in the task. This comprehensive design raises the likelihood that the central entity will accomplish its intended benefits while reducing the normal drawbacks.

The quantitative research underpins those concepts since it is heavily focused on the future generation of workers who will be joining the labor market, notably in the consulting industry. The current fashion is centered on merging various architectures in order to provide proper service. Although the customer remains the organization's primary focus, a firm must now compete for the greatest personnel to survive. However, even if some of the larger consultancies believed that their reputation would always bring them the greatest talent, this may not be the picture that will be projected in the future. This new wave of larger consultancies is entering an already crowded industry and will have to compete against new rivals who may have superior structures or recruit better personnel. It is essential to remember that concentrating only on the organizational structure will not be enough to ensure success in the market. It is critical for a start-up consultancy to identify the market segment it wishes to service and capitalize on this specialism to develop a market presence.

5 Conclusion

It seems common sense that starting a company is difficult; the first thing that must be done is to develop a concept and a business plan. Future consultancies must majorly emphasize their employees when considering whether or not to launch a start-up firm. They must not only concentrate on their services, but also on the people they employ. When it comes to individuals and organizational structure is required; employees must be led and allocated to tasks in order to perform effectively. As a result, it is important to remember that an overly rigid structure and does not allow for change might be troublesome in the long term. All of the results and models that have been examined have now been compiled into a single document. The last section of the dissertation presents the major results and provides answers to the research questions.

5.1 Research Questions

The following research questions were formulated at the start and will be answered now:

RQ1: How is the current consulting market structured?

The consulting business is relatively congested; a large number of distinct players dominate the industry, but a growing number of smaller consultancies are attempting to break into the market. The ability to specialize in a single service or industry to develop a market presence is critical in this situation. It is not recommended to start with many different services at the outset, as is the case with the larger consultancies currently, since this might lead to overestimation of project and client numbers.

The matrix structure is the organizational structure used by most consulting organizations. It enables a consulting firm to achieve its objectives in a more efficient and effective manner. A project manager is assigned to each project who steers the team toward completing the assigned work, while the other team leader controls the numerous tasks involved in completing the projects. However, while this strategy is useful for managing a variety of clients in a variety of industries, it can also produce some uncertainty in terms of authority.

The interview partners said that the majority of the benchmarks and key performance indicators (KPIs) are generated on an individual project basis or by doing a more in-depth analysis of the competition. The competitiveness factor was frequently highlighted as a guideline for new businesses, and it should also be thoroughly investigated before choosing a certain industry or service.

RQ2: Are those identified structures the best approach for attracting young talents?

A survey was used to gather feedback on organizational structures to answer this research question. Two hypotheses have been established at the beginning, where the first one is proofed and the second one is rejected.

H₁: Different working sectors have different preferences in terms of organizational hierarchies and organizational structures.

H₂: There is a correlation between the tenure in the company and the synergies with the value of the company.

After conducting the survey, a trend was identified, which showed that the new workforce wants to have a mix of flat and hierarchical structures. This is also currently tried to be integrated by the consulting firms. Most of the consulting firms are trying to attract young talents with monetary incentives. This has been working well in the past, but the newer workforce is thriving to have a deeper meaning in terms of their work. Monetary benefits are important to satisfy the working conditions, but they are not the catching aspect. The new generation is led more by intrinsic motivation, as the survey also proved, and no matter what companies offer, they do not necessarily stay longer in that company. This trend of job-hopping was often analyzed and proven by research; it is needed by future companies to keep that in mind and establish good knowledge management.

Specialization is wanted and also desired from the consulting perspective; this interest is also shared by the new workforce, which thought that a good functioning group consists of generalists and specialists but more specialists. The difference between those two analyses is that specializations were also seen in the personal development sense from the quantitative analysis. The interview partner had more interest in specializing their employees for company goals, there is a slight mismatch, and a future consultancy needs to consider both those aspects to get and retain good talent.

RQ3: What are the best practices and structures for a new company to have adequate culture and governance?

Summarizing all of this research, the best practices for a start-up to develop an effective culture and governance are to evaluate a variety of organizational structures rather than a single model. A consultant needs structure to provide the best service to their clients and identify who is responsible for which step inside the matrix. The start model may be a beneficial addition to this current structure

because it includes policies that are subject to executive control and may have an effect on employee behavior. It indicates that managers have the ability to influence performance and culture, mostly through the formulation of regulations that influence behavior.

One critical best practice was to understand the customer's pain point and to focus exclusively on offering the finest available services. With the growth and longevity of the business, this service can be expanded to include additional sectors, but for the time being, a clear, straightforward plan is required to build a market presence.

People are the consulting firms' most valuable resource, and as such, they must be taken care of. It is critical to have a varied workforce that communicates effectively and collaborates well. Typically, consulting firms form teams based on the nature of the project and the employees' hobbies or specializations. Additionally, some consultancies share the project internally within the organization and solicit interest in working on it. This can be beneficial in terms of fostering synergies, as everyone was willing to participate in the project and was not coerced.

Overall, the critical point conveyed by each interview partner is the importance of having a passion for the client and sector served. Concentrate on employing individuals that share a common interest and contribute to one another's growth. There is no secret to becoming successful and having the ideal structure; each business must experiment and determine what feels best.

5.2 Limitations and Future Research

The main limitations of this dissertation are focusing only on one sector with limited data availability and especially lack of reliable data.

First, the data gathered through the interviews and survey is relatively comprehensible in terms of volume and bias because every aspect is connected to the consulting sector. The other experts have been used to minimize the bias, but this could not be sufficient. Therefore, it is not possible to make a statement about the reliability of the obtained data.

Second, there is a limitation in terms of expanding knowledge across other sectors. The analysis was focused due to the limitation of this thesis on one specific sector. The best practices may be applicable to another sectors, but the obtained data is not sufficiently proven on a wider scale to be transferable.

Lastly, the development of the new model, which combines matrix structure and STAR model, has not been tested in real life. No guarantee can be made in terms of success or even practicability for

future start-ups. It is needed to consider this work as a possible how-to guide that can be further evaluated and added to possibly work properly.

In terms of future research, various aspects could be taken into consideration to expand this dissertation. The first aspect would be to gather more data to find out best practices of more sectors to better estimate start-ups. The survey would need to cover differences in geographics and the size of participants so that they are more diverse.

The second implication is to take maybe the creativity of organizations into account. Creativity is frequently associated with the arts or literature and is thus a distinguishing feature. Nonetheless, creativity becomes a by-the-numbers idea among so many others when it comes to business. Not just Apple or Google, whose core business is based on technology innovation, require creativity to stay ahead. Any other business that wants to be innovative and capable of ensuring lasting riches must acknowledge that creativity is critical in achieving organizational success. This subject appears to be promising in an environment where innovation is required for competitive differentiation.

The third aspect is how to manage and measure innovation within organizations. Innovation reflects on an organization's critical response to technology or market issues, and hence the innovativeness is crucial for competitive advantage. As a result of their distinctiveness and inimitability, these qualities are valuable. Thus, innovation at the institutional level is critical for businesses since they view their internal structure as a societal complex that must be integrated into the whole, regardless of the intended outcome of the strategy. In terms of an organization's capacity to mix various sorts of assets with creativity, innovation strategy also appears to be an intriguing area to examine further. However, the majority of these businesses lack the processes and internal structures necessary to quantify the advantages generated by such creative ventures. Many of them just ignore the process of innovation management. With the rising importance of innovation in the organizational sector, this appears to be an excellent topic to cover.

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VIII Appendix

Appendix 1 – Interview Guide

Demographics:

1. General Introduction:

Company

Position

Background

Function

Organizational Structures and Management:

2. Which topics are defined by the board/group and then followed by the regions?
3. Which benchmarks are you considering when defining strategies?
4. What is most relevant when diving a strategy when you want to grow a firm?
5. How do you create good functional groups?
6. How to create synergies?
7. Do you have specific KPIs on the board level and how do you decide on them?
8. What kind of reporting do you need?
9. How does the group manage different industries/markets together or specialized?
10. What are the most valued shared resources in your company?
11. What practices/tools do you use when you are onboarding new hires?
12. How do you manage innovation for the entire company?
13. How close is the interchange between regions and HQ on areas such as innovation, growth strategy, etc.?

Appendix 2 – Survey Questionnaire

Introduction

Dear participant,

Thank you very much for clicking on the link! I appreciate your contribution to this survey! My name is Renata Andrijanic and this survey on corporate group governance structure is an important contribution to the completion of my master thesis.

Your participation in this study is completely anonymous and voluntary. I will not collect any data that will identify the participant. There are no right or wrong answers, so please answer as truthfully as possible. Your participation in this study should take about 2 minutes. If you have any questions about participation, please contact: "renata.an@hotmail.de".

By continuing with this survey, you agree to voluntarily participate in this study. Thank you for your support!

Best,
Renata :)

Demographics

Q1

1. How old are you?

- 16-25
- 26-35
- > 35

Q2

2. What is your highest educational degree?

- High School
- Bachelor
- Master
- PhD

Q3

3. In which industry do you work/would you like to work in the future?

- Business, consultancy, management
- Banking, Finance, Insurance
- Engineering, manufacturing
- Education
- Government and Public Administration
- Healthcare
- Marketing, media, advertising
- Recruitment, HR
- Hospitality, catering, events
- Transport, logistics
- Environment, agriculture
- Other

Q4

4. What employment status do you have?

- Full-time
- Part-time
- Intern/Working Student
- Unemployed

Q5

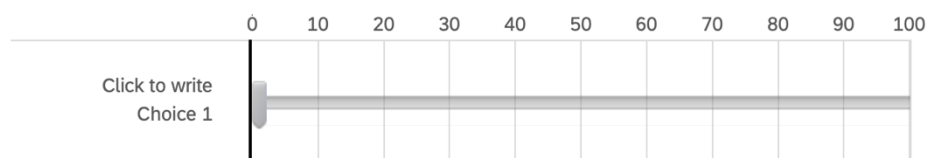
5. How long have you been in the company?

- <1 Year
- 1 - 5 Years
- >5 Years

Motivation and Structure

Q6

6. How important is culture for you in a company?



Q7

7. What is the biggest incentive for you?

Money	1
Acknowledgment from management and colleagues	2
Promotion	3
Intrinsic Motivation	4

Q8

8. What kind of people are more important to you in a team?

- Generalists
- Specialists
- Both but more generalists
- Both but more specialists

Q9

9. In what organizational structure do you feel most efficient?

- Flat hierarchy – everyone is on the same level, and everyone is adding input to every topic
- Flat and Hierarchical – Open to communicate problems and speak, but higher management makes the decision on their own
- Hierarchical – everyone follows a clear structure, and communication is limited to your project

Q10

10. What is the maximum number of people that should be in a team?

- 1 - 5
- 5 - 10
- >10

Q11

11. Would you like to have more contact or even projects with your colleagues outside of your home location?

- Yes, both
- No, not really
- Indifferent
- Only more contact
- Only more projects
- My company has no other locations

Q12

12. How connected do you feel with the values of your company?

Not at all											Extremely
0	1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

Q13

13. Which tools/practices have you used when you got onboarded? (Multiple answers allowed)

- Internal Online Database
- Buddy and Mentor Program
- Internal Documents
- Onboarding Week
- None

Q14

14. What do you consider most important when getting onboarded? (Multiple answers allowed)

- Internal Online Database
- Buddy and Mentor Program
- Internal Documents
- Onboarding Week
- None

Q15

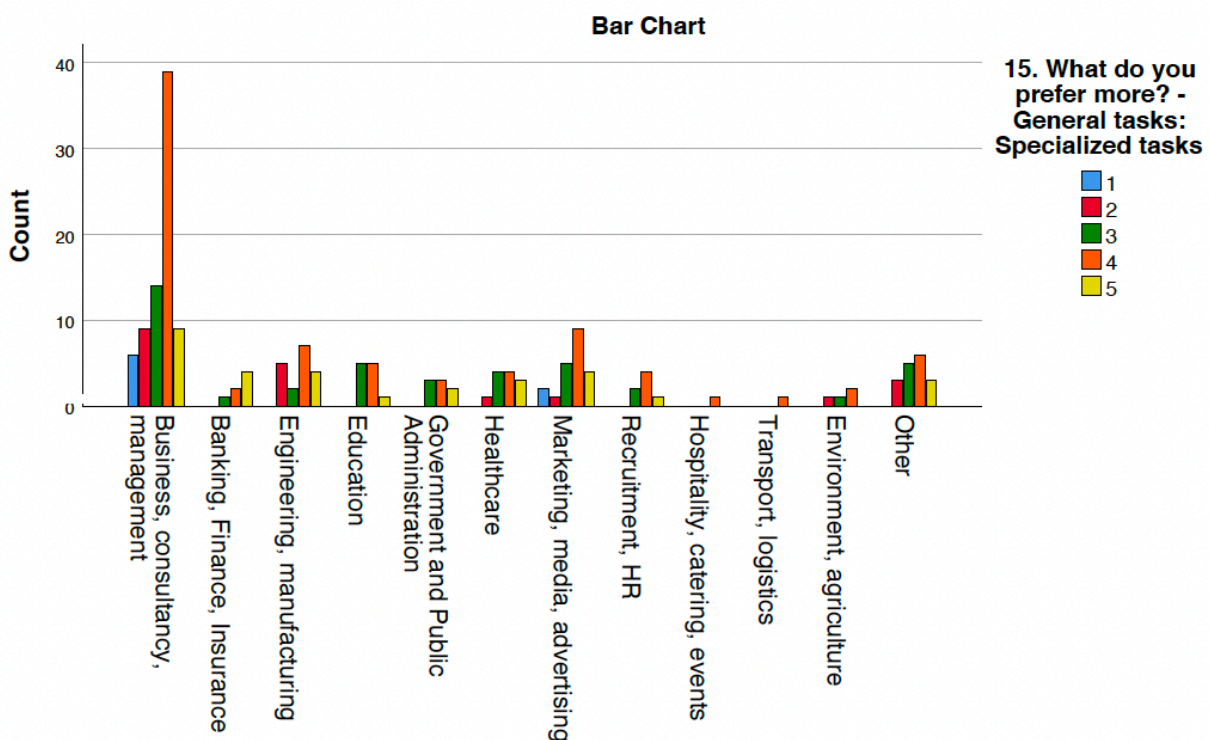
15. What do you prefer more?

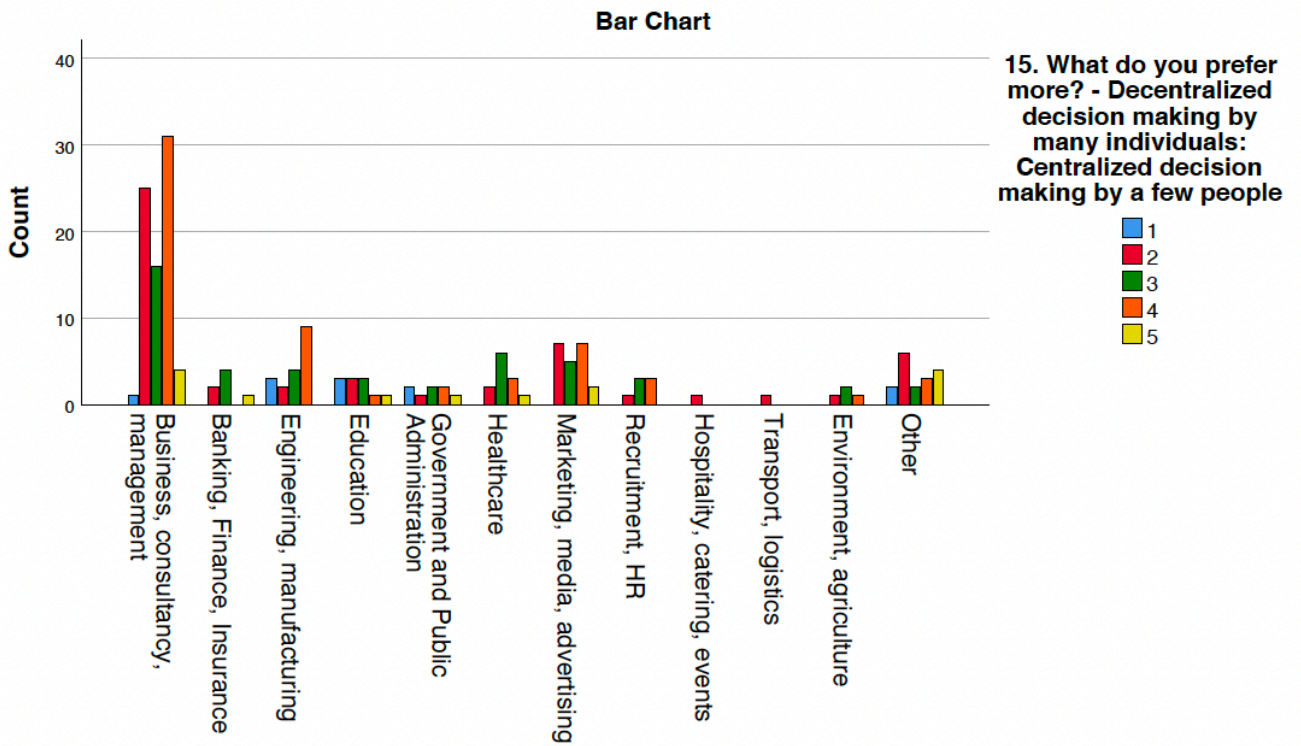
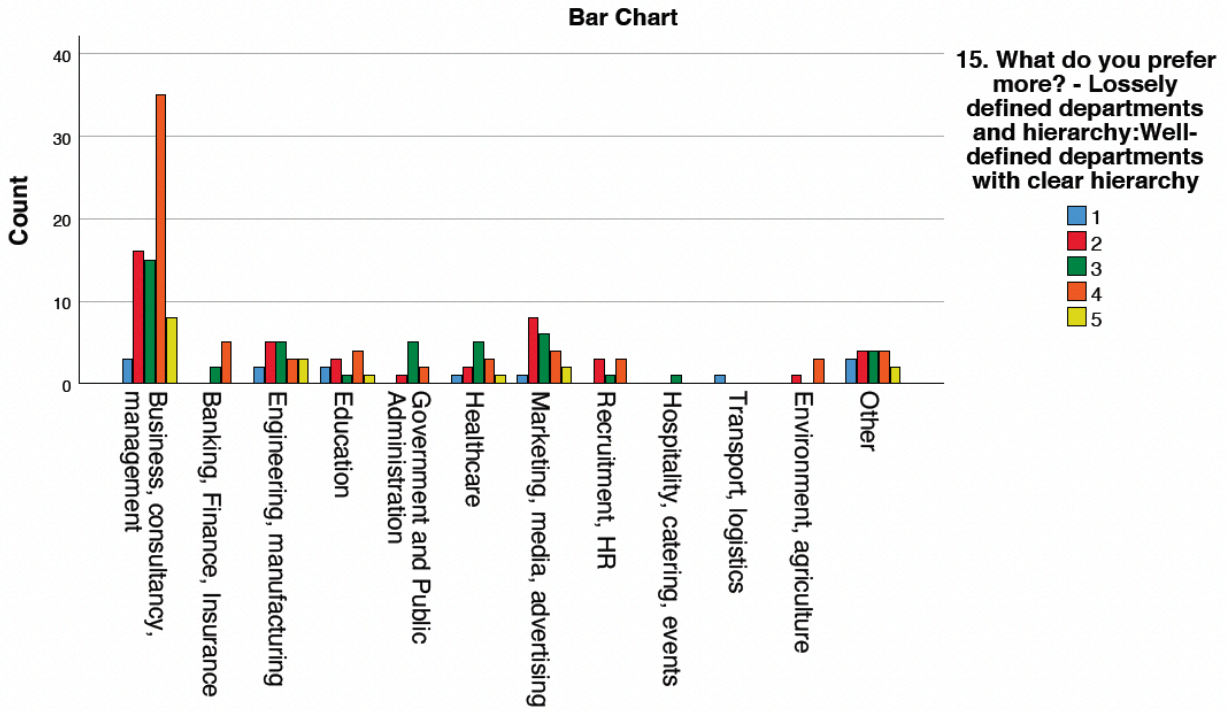
General tasks	○ ○ ○ ○ ○	Specialized tasks
Lossely defined departments and hierarchy	○ ○ ○ ○ ○	Well-defined departments with clear hierarchy
Decentralized decision making by many individuals	○ ○ ○ ○ ○	Centralized decision making by a few people
Integration achieved by managers and employees interacting and exchanging information as needed	○ ○ ○ ○ ○	Integration achieved by formal manager meetings
Flexibility and capability of rapid change	○ ○ ○ ○ ○	Clear and efficient reporting relationships

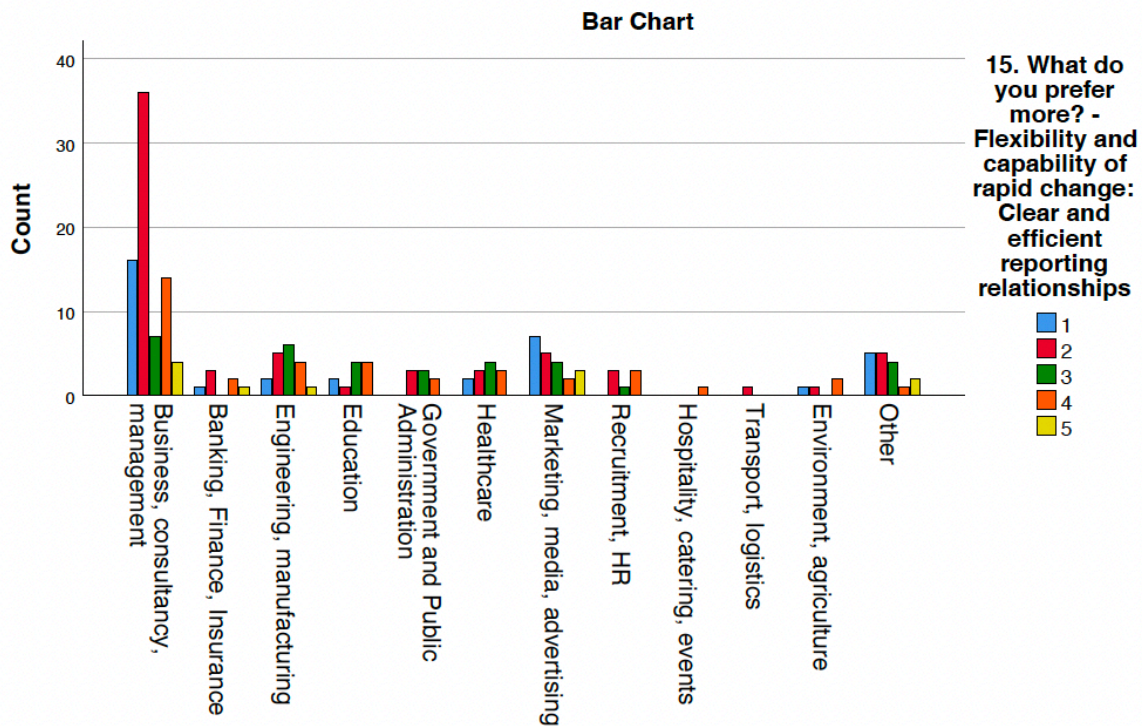
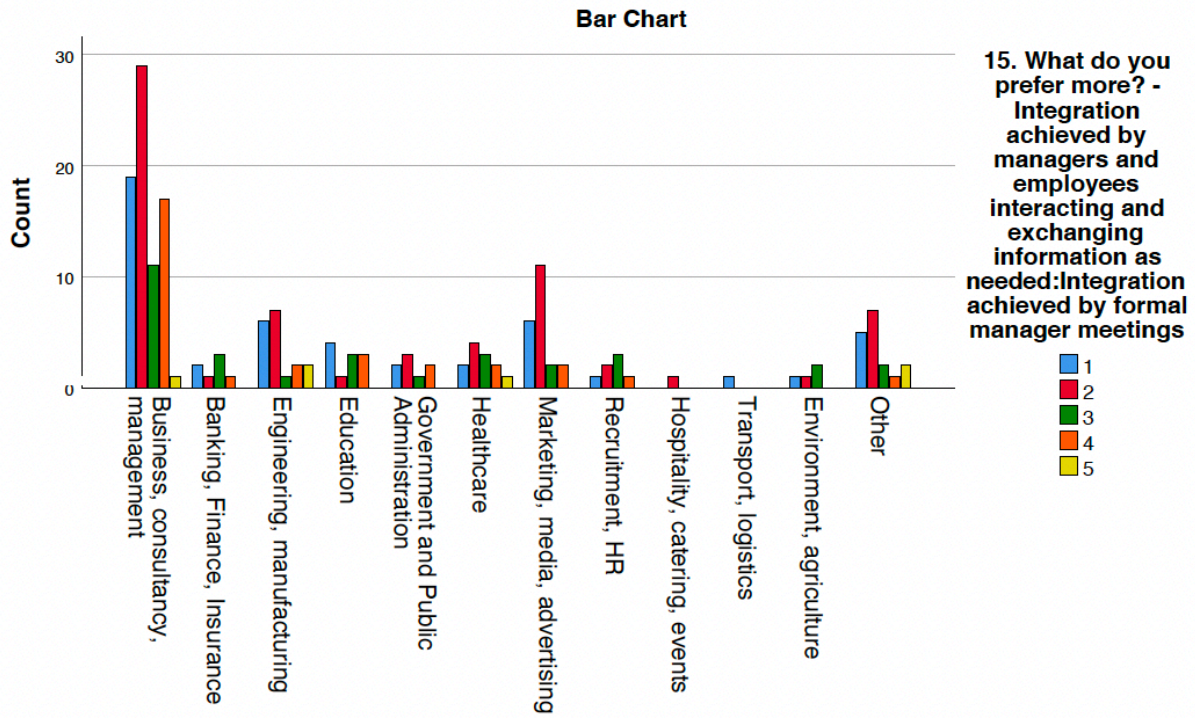
Appendix 3 – SPSS Results

Organizational Preferences of Different Industries

		9. In what organizational structure do you feel most efficient?			
		Flat hierarchy – everyone is on the same level, and everyone is adding input to every topic	Flat and Hierarchical – Open to communicate problems and speak, but higher management makes the decision on their own	Hierarchical – everyone follows a clear structure, and communication is limited to your project	Total
3. In which industry do you work/would you like to work in the future?	Business, consultancy, management	32	41	4	77
	Banking, Finance, Insurance	1	3	3	7
	Engineering, manufacturing	4	12	2	18
	Education	7	4	0	11
	Government and Public Administration	5	3	0	8
	Healthcare	4	7	1	12
	Marketing, media, advertising	9	12	0	21
	Recruitment, HR	1	6	0	7
	Hospitality, catering, events	1	0	0	1
	Transport, logistics	1	0	0	1
	Environment, agriculture	2	1	1	4
	Other	6	11	0	17
Total		73	100	11	184







Correlation Test Connection to Company and Motivation

Correlations

		12. How connected do you feel with the values of your company?	7. What is the biggest incentive for you? - Money	7. What is the biggest incentive for you? - Acknowledgment from management and colleagues	7. What is the biggest incentive for you? - Promotion	7. What is the biggest incentive for you? - Intrinsic Motivation
12. How connected do you feel with the values of your company?	Pearson Correlation	1	,156	,063	,076	-.239**
	Sig. (2-tailed)		,086	,490	,404	,008
	Sum of Squares and Cross-products	567,805	32,114	11,585	13,081	-56,780
	Covariance	3,086	,263	,095	,107	-.465
	N	185	123	123	123	123
7. What is the biggest incentive for you? - Money	Pearson Correlation	,156	1	-.418**	-.119	-.458**
	Sig. (2-tailed)	,086		,000	,190	,000
	Sum of Squares and Cross-products	32,114	142,407	-53,195	-14,138	-75,073
	Covariance	,263	1,167	-.436	-.116	-.615
	N	123	123	123	123	123
7. What is the biggest incentive for you? - Acknowledgment from management and colleagues	Pearson Correlation	,063	-.418**	1	-.149	-.305**
	Sig. (2-tailed)	,490	,000		,100	,001
	Sum of Squares and Cross-products	11,585	-53,195	113,854	-15,854	-44,805
	Covariance	,095	-.436	,933	-.130	-.367
	N	123	123	123	123	123
7. What is the biggest incentive for you? - Promotion	Pearson Correlation	,076	-.119	-.149	1	-.505**
	Sig. (2-tailed)	,404	,190	,100		,000
	Sum of Squares and Cross-products	13,081	-14,138	-15,854	99,187	-69,195
	Covariance	,107	-.116	-.130	,813	-.567
	N	123	123	123	123	123
7. What is the biggest incentive for you? - Intrinsic Motivation	Pearson Correlation	-.239**	-.458**	-.305**	-.505**	1
	Sig. (2-tailed)	,008	,000	,001	,000	
	Sum of Squares and Cross-products	-56,780	-75,073	-44,805	-69,195	189,073
	Covariance	-.465	-.615	-.367	-.567	1,550
	N	123	123	123	123	123

		5. How long have you been in the company?
7. What is the biggest incentive for you? - Money	Pearson Correlation	-.077
	Sig. (2-tailed)	,395
	Sum of Squares and Cross-products	-7,447
	Covariance	-.061
	N	123
7. What is the biggest incentive for you? - Acknowledgment from management and colleagues	Pearson Correlation	-.007
	Sig. (2-tailed)	,940
	Sum of Squares and Cross-products	-.585
	Covariance	-.005
	N	123
7. What is the biggest incentive for you? - Promotion	Pearson Correlation	-.097
	Sig. (2-tailed)	,288
	Sum of Squares and Cross-products	-7,748
	Covariance	-.064
	N	123
7. What is the biggest incentive for you? - Intrinsic Motivation	Pearson Correlation	,142
	Sig. (2-tailed)	,116
	Sum of Squares and Cross-products	15,780
	Covariance	,129
	N	123
5. How long have you been in the company?	Pearson Correlation	1
	Sig. (2-tailed)	
	Sum of Squares and Cross-products	92,454
	Covariance	,502
	N	185

IX Affidavit

I hereby affirm that this submitted paper was authored unaided and solely by me. Additionally, no other sources than those in the reference list were used.

Parts of this paper, including tables and figures, that have been taken either verbatim or analogously from other works have in each case been properly cited with regard to their origin and authorship.

This paper either in parts or in its entirety, be it in the same or similar form, has not been submitted to any other examination board and has not been published.

Lisbon, 05. January 2022

A handwritten signature in black ink that reads "R. Andrijanic". The signature is written in a cursive style with a large initial 'R' and a long, sweeping underline.

Signature