Exploring Stakeholder Impact on Decision-Making Processes in Startups: An Analysis of Organizational Structure and Volatility

Mariana Gonçalves

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Abstract

Title: Exploring Stakeholder Impact on Decision-Making Processes in Startups: An Analysis of Organizational Structure and Volatility.

Author: Mariana Gonçalves

Startups are full of opportunities for growth and innovation; however, they are characterized by uncertainty and risk. A challenge for effective decision-making is the lack of comprehensive information about how stakeholders in startups make decisions in different scenarios. The current dissertation provides an overview of previous research on hierarchy within well-established companies and startups and decision-making in startups. The research methodology involved conducting nine interviews to examine participants' perceptions on variables related with decision-making. The results of the dissertation contribute to improving decision-making practices within startups by examining key topics such as organizational structure, hierarchy, and volatility.

Key words: Decision-making; startups; hierarchy; organizational structure; volatility.

Sumário

Título: Explorar o Impacto dos Stakeholders no Processo de Tomada de Decisão em Startups: Análise da Estrutura Organizacional e Volatilidade.

Autor: Mariana Gonçalves

As startups permitem crescimento e inovação; no entanto, são caracterizadas por incerteza, risco e crescimento rápido. Um desafio para uma tomada de decisão eficaz é a falta de informação disponível sobre como os stakeholders das startups tomam decisões em diferentes cenários. A presente dissertação fornece uma visão geral de investigação anterior sobre hierarquia em empresas e startups e tomada de decisão em startups. A metodologia passou por realizar nove entrevistas para examinar as perceções dos participantes sobre as variáveis relacionadas com a tomada de decisão. Os resultados da dissertação contribuem para melhorar as práticas de tomada de decisão em novos negócios, através da análise de tópicos-chave como estrutura organizacional, hierarquia e volatilidade.

Palavras-chave: Tomada de decisão; startups; hierarquia; estrutura organizacional; volatilidade.

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1. Introduction

In the last few years, the amount of research about decisions in an organizational context has increased significantly (Rode, 1997; Shapira, 2002). Ahmady and collaborators et.al (2016) suggest that the design of an organizational structure should allow efficient decision-making, appropriate responses to environment changes, and effective resolution of conflicts between different stakeholders within the organization. The study of organizations has focused on theories and methods for evaluating the processes and outcomes in well-established organizations (Gulati et al., 2012; E. Lee & Puranam, 2016). However, there needs to be more information on how these processes occurs in startups that face rapid growth.

The focus of this dissertation is on decision-making processes, focusing mainly on startups. "A startup is a company, a partnership or temporary organization designed to search for a repeatable and scalable business model" (Spender et al., 2017). These innovative and experimental businesses are characterized by high uncertainty and risk, often associated with new technologies, products, or services. Startups are typically established by forward-thinking entrepreneurs seeking to disrupt existing markets or create new ones. To achieve viability and profitability, startups are expected to grow rapidly (Curry & Baldridge, 2022).

Startups are essential to the economy as they create new employment and drive innovation (Blau, 2014). However, volatility, unpredictability, and time pressure are common characteristics in startups, and they can represent a challenge for the decision-making process (Nummela et al., 2014). Strategic decisions need to be carefully thought out and analyzed, i.e., they require decision comprehensiveness and must be executed in a timely manner, i.e., they require decision speed (Talaulicar et al., 2005).

In addition, when analyzing the decision-making process, it is necessary to understand that hierarchy within a company plays a significant role in determining the amount of responsibility each stakeholder holds (Meyer, 1975). In a traditional hierarchical structure, the responsibility is centralized at the top, with the higher-level stakeholders making most decisions and delegating tasks to those below them (Parker, 2009). On the other hand, a flatter hierarchy, especially in startups, can result in a more distributed responsibility, where decision-making is shared among employees at all levels (Reitzig, 2022). Therefore, understanding the role of hierarchy and volatility in startups is essential for analyzing their decision-making process.

1.1 Problem definition

After detailed search, it is possible to find studies on startups that contribute to the investigation of the matter (Gabrielsson & Gabrielsson, 2013; Talaulicar et al., 2005). While the insights gained from these previous findings are useful in studying the decision-making process in startups, they have limitations, such as lack of representativeness or not covering a broad number of variables that can affect decision-making in startups. Therefore, there is a need to gather more comprehensive information and data to understand the decision-making process in startups.

The current dissertation intends to examine stakeholders' impact on the decision-making process of startups. Specifically, this dissertation's study aims to explore the impact of hierarchy structure on stakeholders' sense of responsibility and examine the effect of internal and external stakeholders' inputs on the volatility of decisions in an entrepreneurial setting. Accordingly, the current study intended to provide answers to the following research questions:

> RQ1: Does a flatter hierarchy structure relate to an increase in employees' internal sense of responsibility?
>
> RQ2: How does the hierarchical structure within a startup, specifically a flat structure, affect employee participation in the decision-making process?
>
> RQ3: According to the perceptions of the employees and founders, what factors influence the level of volatility in decision-making processes for startups, and how does it affect startup's outcomes?
>
> RQ4: How does the volatility of decisions made in a startup setting affect stakeholders' motivation?

1.2 Contributions and relevance of the study

The purpose of the current thesis is to contribute significant input to entrepreneurs and to the existing literature on startups' decision-making. The current study links the hierarchical structure in a startup with responsibility and explores the volatility of the decision process in startups.

By doing so, the dissertation aims to provide valuable insights into the importance of strategic decision-making for the success of an organization, both established firms, and startups alike. It highlights the need to carefully consider the decision-making process and its potential impact on organizational outcomes (Janczak, 2005). Additionally, this research can aid in enhancing the decision-making practices within startups, as many startups struggle to survive beyond their initial years (Bednár & Tarišková, 2017). This high rate of failure is often linked to factors such as lack of money, limited time, unpredictability, no need for the product/ service in the market, and inefficient decision-making processes (Bednár & Tarišková, 2017).

Entrepreneurs can utilize the findings of this research to determine the most effective organizational structure for their company and identify which external and internal factors should be given greater consideration when making critical decisions. By incorporating these research insights into their decision-making process, entrepreneurs can improve the overall success of their startup.

1.3 Structure of Dissertation

The dissertation delves into the key topics of startups, decision-making, organizational structure, and hierarchy by thoroughly reviewing existing literature. Based on this review, hypotheses are developed, and a methodology is selected. The dissertation then goes on to an analysis of nine interviews of founders and employees working in startups in the technology field. Finally, the discussion of the thesis brings together study's findings. It puts them in the context of current literature, pointing out any limitations and highlighting both practical and theoretical implications.

2. Literature Review

To give the reader proper context, the literature review will start by defining “startup”, outlining its key characteristics, and giving an overview of the current position of startups in our society. Subsequently, the review will focus on the primary topic of the dissertation, namely, decision-making. Later, the literature review will exhibit the previous findings and theories regarding decision-making in the startup context. Afterward, the review examines organizational structure. The organizational structure section will serve as a foundation for the subsequent discussion on hierarchy. In the hierarchy section, the findings of previous research will show the fundamental characteristics of traditional structures in well-established companies and non-traditional structures in startups.

2.1 Startups

According to Eric Ries (2011) “a startup is a human institution designed to create a new product or service under conditions of extreme uncertainty”. Although the definition of startup is not clear, there is a consensus among big organizations that a startup is a newly formed or early-stage company that exhibits significant growth potential and uses information and communication technology to market products and services (Telefónica, 2023). A startup aims to improve existing products or to develop entirely new categories of goods and services, disrupting entrenched ways of thinking and doing business across entire industries (Baldridge & Curry, 2022).

Startups also exist to gain knowledge about managing a viable company. The knowledge can be validated scientifically by conducting frequent experiments that let business owners try each component of their vision (Ries, 2011). What sets startups apart from traditional companies is their unique approach to achieving their goals. Unlike traditional companies that replicate existing models, startups aim to create a new model (Baldridge & Curry, 2022).

The increasing economic importance of startups, combined with little entry obstacles, has resulted in interest in entrepreneurship at a global level (Marmer et al., 2011). New startups are being established with the hopes of replicating the accomplishments of Silicon Valley. As a result, the speed of transformation is increasing, causing billion-dollar startups to emerge (Marmer et al., 2011).

Despite startups being characterized by high innovation and a fast-growing pace, the statistics on failure indicate that more than 50% of newly established businesses fail during the first five years (Seshadri, 2007). According to previous studies, startup failure can be caused by cash insolvency, the industry structure, the strategy followed by the startup, and the market (Seshadri, 2007). Additionally, startups fail because of their founder's inability to deal with uncertainty and consequences (Tomy & Pardede, 2018).

2.2 Decision-Making

Decision-making is a key component of organizational functioning, as it involves choosing the most appropriate course of action to address a problem or opportunity that a specific organization encounters. It is a crucial component of effective leadership and management since decisions made by people or groups within an organization can have a big impact on its operations, success, and performance (Meyer, 1975). Effective decision-making within companies can be supported by various approaches and frameworks, including decision-making models, instruments, and methods for examining possibilities and tactics for involving stakeholders and managing risk (Simon, 1979).

The literature on decision-making has grown significantly in the last decades, with researchers focusing on investigating judgment as the primary force behind the decision-making process (Bell, 1990; Simon, 1955; Von Neumann & Morgenstern, 1945). Key contributions in this field can be traced back to Simons' (1955) fundamental research, which first identified the impact of psychological and emotional factors on the decision-making process.

Decision-makers within an organization participate in ongoing procedures in the decision-making process and the respective outcomes, even if they do not actively engage in all stages of the process, and as a result, organizational decisions are made sequentially (Shapira, 2002). Decision-makers differ in how they envision the future, act, evaluate risks and resources, and deal with ambiguity, and the decision-making process; subsequent choice outcomes might follow diverse logic (Sarasvathy, 2001). However, most data about rational decision-making are negative i.e., evidence of what people should not do. There is a lack of data on organizational decision-making. It is hard to know what happens in organizations based on individual decision-making because it neglects diverse social elements present in organizational decision-making (Simon, 1979).

It is possible to identify at least four phases in the decision-making process: recognition, diagnosis, development (including design and search), and selection (including choice procedures and authorization (Mintzberg et al., 1976). Mintzberg and collaborators' (1976) study made a significant contribution to the field of decision-making by identifying four key phases of the strategic decision processes. However, to comprehend and value the decision-making processes utilized in organizations, further studies that are more recent are required. According to Mintzberg and collaborators' (1976), the study can only provide a small amount of understanding of organizational decision-making. There still needs to be more knowledge regarding the critical routines in organizational decision-making, such as diagnosis, design, and bargaining. Diagnosis is essential since it determines the subsequent course of action, however, researchers have focused more on selection routines which seem to be less critical in decision-making processes (Mintzberg et al., 1976). Additionally, there is a significant gap in the literature regarding the relationship between decision-making processes and the structure of organizations, since no acceptable theory describes how decision-making processes occur within distinct organizational structures.

2.2.1 Decision-making in startups

In the last years, theoretical viewpoints have arisen to explain the logic and behavior underlying the process of entrepreneurship. Examples include entrepreneurial bricolage (Baker & Nelson, 2005) and effectuation theory (Sarasvathy, 2001). These new theories have primarily aimed to distinguish themselves from the casual approach initially developed by Sarasvathy (Sarasvathy, 2001).

In the casual approach, an entrepreneur establishes a specific goal and, after chooses from various means to achieve the respective goal (Fisher, 2012). However, as mentioned above, new theories such as entrepreneurial bricolage and effectuation theory have emerged to offer alternative approaches. Entrepreneurial bricolage involves creating something out of nothing by making the most of the resources at hand to solve problems and identify opportunities (Baker & Nelson, 2005). Effectuation theory assumes goals can shift, develop, and sometimes are formed by chance in an unpredictable and changing scenario. Instead of focusing on specific objectives, the entrepreneur will focus on the available means – the things that the entrepreneur can control (Fisher, 2012).

On several occasions, when pursuing entrepreneurial opportunities, individuals use effectuation processes (Sarasvathy, 2001). In effectuation processes, entrepreneurs begin with a broad aspiration and then try to fulfill that aspiration with the resources at their immediate disposal (e.g., who they are, what they know, and whom they know). The overall goal of this process is not clearly defined at the initial stage, and those employing effectuation processes must remain flexible since circumstances frequently change (Perry et al., 2012).

Effectuation theory may be a suitable framework for investigating decision-making in startups. Effective models are the outcome of an intuitive way of thinking because they start with existing methods and work to achieve new ends using non-predictive strategies (Sarasvathy, 2004). Effectuation is associated with high uncertainty, which causes decision-makers to rely more on gut instinct and emotion than on logical calculation (Perry et al., 2012; Sarasvathy, 2001). Effectual decision-making is being more implemented when analyzing startups. The research and analysis on decision-making in startups switch between using logic based on causality and effectuation during their decision-making processes (Nummela et al., 2014; Sarasvathy, 2001).

High degrees of volatility, unpredictability, and competition, as well as significant time constraints, can be a reason why decision-making is extremely difficult for entrepreneurs (Nummela et al., 2014). These characteristics are especially noticeable in high-tech industries, which have also been the origin of many international startups (Autio et al., 2011). Additionally, highly volatile markets that frequently develop fast, unexpectedly encounter various challenges, such as discontinuous shifts in the competitive environment, which require strategic decisions (Nummela et al., 2014). When a new product or process is being developed in a startup, there is typically a lot of volatility, adaptation, and learning by people with various functional specializations. Given that it can affect employees' motivations, launching a new product or process obviously can represent a difficult management problem (Baloff & Mckersie, 1966).

Startups frequently rely on their intuition rather than systematic planning with predetermined goals (Rialp-Criado et al., 2010). Business planning is the process by which company founders collect information about a business opportunity and outline how that information will be used to establish a new company to take advantage of the opportunity (Castrogiovanni, 1996).

Studies have found a positive correlation between employee participation in decision-making and variables such as job satisfaction and organizational commitment (Miller & Monge, 1986; Wagner III & Gooding, 1987). Theoretically, these connections make sense because employee involvement fosters feelings of autonomy, influence, and responsibility, all of which boost commitment and morale (Leana et al., 1992; Yang & Konrad, 2011). It was noted that founders of smaller businesses frequently occupy a position of unique influence, being at the center of the decisions (Begley & Boyd, 1987).

Employees usually have a more thorough understanding of their work than management; as a result, if employees are involved in decision-making, decisions will be made using better sources of information (Landry, 2020). Additionally, cognitive models contend that staff members who participate in decision-making are better prepared to execute procedures once decisions have been made (Miller & Monge, 1986). As a result, beyond greater involvement in decision-making, these scholars identify a variety of factors that influence employees' perceptions of empowerment. These factors include, for example, job design or even organizational variables like culture and transparency (Conger & Kanungo, 1988).

2.3 Organizational structure

Organizational structure is a concept that explains the relations between specific organizational elements that form the organizational activity (Ahmady et al., 2016). Accordingly, an organizational structure is a method or system for dividing, organizing, and coordinating organizational tasks (Ahmady et al., 2016). Organizations establish structures to coordinate the activities of work factors and supervise member performance (Ahmady et al., 2016).

Researchers have been fascinated by how organizational structure affects decision-making for a long time. As a result, the literature addressing the characteristics of organizations that affect decision-making has historically focused on the concept of information processing (Galbraith, 1974; Tushman & Nadler, 1978). According to Galbraith (1974), an essential proposition of the information processing model is that the greater the task's uncertainty, the higher the quantity of information that must be processed between decision-makers during task execution. Furthermore, most of the information processing activity can be preplanned if the task in question is well understood prior to processing. If it is not well understood, more knowledge is acquired during the completion of the task, resulting in changes in resources, schedules, and priorities. A fundamental tenet of information processing is that the more information that needs to be evaluated by decision-makers during the execution of a task, the more complex the task is (Galbraith, 1974).

To improve its information processing capabilities, an organization can implement integrating mechanisms, such as hierarchy, coordination by rules, programs to coordinate behavior amongst interdependent subtasks, or coordination by targets or goals (Galbraith, 1974). Coordination by goals happens when an organization works through processes to define achievable goals (Galbraith, 1974). By raising the discretion used at lower levels, planning decreases the quantity of information processing in the hierarchy (Galbraith, 1974).

2.4 Hierarchy

Organizations' structure and decision-making processes are highly dependent on the context in which they operate. The first subsection delves into traditional hierarchy structure, while the second subsection refers to the hierarchy within startups.

2.4.1 Hierarchy within well-established companies

The context in which an organization operates has a strong bearing on its structure, and contextual factors may influence in structure choice variation. Elements such as size, technology, organizational purpose or social function, and reliance on other organizations heavily influence a company's structure (Pugh et al., 1969).

It is possible to find organizations such as "Public or private sector organizations where people of the same or complementing professions jointly run large parts of the organizational affairs can be subsumed under the idea of the professional organization" (Diefenbach & Sillince, 2011). One of the most common characteristics in a professional organization is that professional knowledge is structured as a hierarchy. The concept of a profession is to define areas of knowledge concretely and distinguish professionals (Diefenbach & Sillince, 2011). However, organizations are constantly being restructured in response to an environment that is becoming more demanding and dynamic (Diefenbach & Sillince, 2011).

Decision-making within companies typically demands that stakeholders of the organization analyze a variety of data and transmit their opinions to others higher in the vertical hierarchy, which ultimately make the decisions (Zandt, 1999). Whether modern or post-modern, organizations are reportedly still highly hierarchical and rely on top-down power and control methods (Diefenbach & Sillince, 2011). The managerial authority provides a simple, efficient way to set objectives and resolve conflicts (Nickerson & Zenger, 2004). Additionally, it helps to ensure control and accountability in different situations (Ouchi & Maguire, 1975). However, the continued use of the managerial hierarchy may be attributed to the belief in its efficacy more than its real efficacy (Lee & Edmondson, 2017).

However, managerial hierarchy tends to be rigid due to top-down orders, so it is best suited for activities or plans that do not require rapid changes (Burns & Stalker, 1961). The division of labor, the requirement of supervision, the requirement of centralized power and control, as well as highly formalized behavior and vertical and horizontal specialization of labor, are all characteristics of the classical organization. The top-down structure makes the traditional structure extremely slow and rigid when it comes to making decisions (Mintzberg, 1993).

2.4.2 Hierarchy within Startups

A few studies have examined factors of organizational design in entrepreneurial settings, such as organizational structure, where the discrepancies between the top management team's functional roles and the qualifications of the managers who fill those roles impact the evolution of the top management team's composition and structure (Ferguson et al., 2016), and hierarchy, where the introduction of a middle-management layer in the corporate hierarchy of entrepreneurial enterprises is examined (Colombo & Grilli, 2013). Organizations with flat structures and limited supervision enable individuals to do a better job and assume more responsibility. A flat structure contrasts with tall organizational structures with narrow spans of supervision, which do not allow for the same level of responsibility (Carzo & Yanouzas, 1969).

New businesses typically operate in dynamic and competitive environments, which encourage them to be flat to adapt in an easy way (Burns & Stalker, 1961; Covin & Slevin, 1989.) There is growing support for less hierarchical organizational structures (Puranam, 2014). However, it is worth noting that all startups appear to be self-selected teams at first but then transition to traditional authority hierarchies as they expand (Puranam, 2014).

Entrepreneurial organizations often do not have a design that allows founders and employees to develop a sense of freedom, responsibility, and accountability that encourages them to try new strategies and actions (Zuzul & Tripsas, 2020). Therefore, it is thought that entrepreneurial ventures' internal organization is what gives them agility, protects them from inertia, and gives them a competitive edge (Burton et al., 2019). However, startups typically do not offer detailed information to researchers on organizational design elements like decision-making processes or managerial practices due to the way they are set up (Burton et al., 2019). Furthermore, entrepreneurial ventures typically face severe time and resource constraints and are worried about knowledge leaks, which complicate things and make them less collaborative with researchers (Burton et al., 2019).

Regarding stakeholders, ventures are typically started by groups rather than individuals (Francis & Sandberg, 2000). Since founders typically are the top management team in a freshly founded company (Boeker, 1989; Daily et al., 2002), the usual startup is also managed by a team of people and not only one person. Additionally, due to startups' smaller size, their destiny can be directly impacted by the structure of the top group more so than that of large corporations (Daily et al., 2002; Ensley et al., 2002).

3. Research Problem

There is a substantial amount of literature available about startup success and failure. However, a considerable part of the literature focuses on the analysis of financial and innovation factors (Okrah et al., 2018). While these factors are undeniably essential in determining a startup success or failure, there are other important factors that have received less attention in the literature.

The effect of hierarchy and volatility on stakeholders' perspectives is an element that has not been deeply explored. Startups are known for their flat organizational structures and absence of bureaucracy, yet there is still a degree of hierarchy in these businesses. Besides that, startups are frequently characterized by high volatility, with a fluctuation in internal priorities and having to adapt to external conditions. Despite the potential importance of these variables, more research needs to be conducted.

To address the gap in the literature, the dissertation will focus on the impact of hierarchy and volatility in entrepreneurial settings across different startups of varying sizes. The research will be conducted to explore the significance of different types of decision-making processes in startups. The aim is to explore both the positive and negative impacts of hierarchy and volatility and provide insights that can support startups in surpassing challenges and maximizing their odds of success.

It is essential to consider that the perceptions of both founders and employees will be considered in this study. As a result, personal experiences and biases can impact these perceptions. By performing a comprehensive review of the literature and collecting data from distinct sources, the objective is to minimize the impact of these factors and offer an accurate analysis.

4. Methodology

4.1 Research Context

Through observation and interviews, the goal of qualitative research is to capture and describe participant experiences in their own words (Yilmaz, 2013). Since the primary purpose of this research is to generate information from human experience, this technique appears to be the most appropriate (Paget, 1983), by revealing startup employees' and founders' thoughts and attitudes regarding their company. The findings of this study were achieved through the implementation of semi-structured, in-depth interviews, providing an in-depth understanding of the subject matter. To understand more about the sample and respective startups, refer to Appendix 1 – Startups' categories; Appendix 2 – Startups' headcount; Appendix 3 – Number of founders; Appendix 4 – Startups' funding; Appendix 5 – Startups' yearly revenue; Appendix 6 – Position in the company.

4.2 Sample

For this study, the sample was selected using convenience sampling, as there was an ease of access to individuals from specific startups. The convenience sample is utilized for experimental purposes, meaning it aims to gather various perspectives on the aspects of a problem, investigate potential explanations and hypotheses, and examine constructs for addressing specific challenges and issues (Ferber, 1977).

To guarantee that participants had a complete understanding of the interview and appropriate work experience, they were pre-screened to verify that they were employed full-time, being either as employees or founders of a technology-based startup in Europe. The 9 participants were primarily recruited through networking at events or via LinkedIn connection and were interviewed individually. The participants who were interviewed for this study were all men, their ages varied between 19 and 50 years old, and all lived in Portugal.

The participant recruitment process was initiated with a direct invitation to participate. Participants were thoroughly informed before the interview, including the purpose, estimated length, and method of conducting the interview, which could be through video calls or in-person meetings, based on their preferred choice. To gain a better understanding of the technology sector in which the startups operate, data on their general characteristics were collected at the start of each interview. The interviews took place in a calm and secluded setting, free from interruptions, to ensure a focused and productive conversation. To capture the exchange, all interviews were recorded using audio recording technology – Flair AI software.

The confidentiality and privacy of participants were of utmost importance in this study. All participants were informed that their names would remain undisclosed and that their responses would be kept confidential. Audio recordings of the interviews were securely stored, and all transcripts were anonymized to protect participant privacy. Any data collected was used solely for this study and not shared with third parties.

4.3 Procedure and Method of Data Analysis

The technique employed to gather information was semi-structured in-depth interviews. The design of this framework encourages lively discussions and facilitates a flexible approach to accommodate differing perspectives, incorporate new insights, and address the subjects at hand, leading to a more seamless conversation. While certain key information was required from all respondents, the interviews utilized a list of flexible, semi-structured questions and topics, allowing for a more organic and in-depth conversation (Adeoye-Olatunde & Olenik, 2021).

As it is possible to see in the interview scripts (see Appendix 7 and 8 for the full interview script), the conversations started with an introduction, during which the participants were asked to provide their consent to be recorded. This was followed by the main dialogue, which was then wrapped up with the interviewer offering some closing words and the interviewee providing a final observation. The questions covered the primary topic of decision-making within startups and were followed by queries aimed at eliciting responses that would address the research question concerning hierarchy and volatility. These topics covered key areas of interest, such as the startups' responsibilities and stakeholders' motivations.

The chosen approach for analyzing the collected data was thematic analysis, which provides a flexible, i.e., analysis of focus groups or interviews, and accessible solution, i.e., individuals that are not specialized in conducting interviews. This method allows for a more open interpretation of the data, leading to a rich and nuanced understanding of the information collected (Boyatzis, 1998). This approach's results are both valuable and complex, offering a comprehensive narrative of the data (Braun & Clarke, 2006). The thematic analysis provides a unique opportunity to delve deeper and gain a more in-depth understanding of the full scope and potential of a particular issue (Marks & Yardley, 2004); it is a technique for uncovering, analyzing, and showcasing patterns hidden within data (Braun & Clarke, 2006).

The initial step of analysis involved transcribing and thoroughly reviewing all voice recordings. Once the data was well understood, the analysis was conducted using NVivo software. The software organized the gathered data into distinct nodes, making identifying common patterns in the interviews easier. Prioritizing the main topics from the interviews script resulted in the creation of codes, and additional ones were developed based on participant inputs during the interviews (Adeoye-Olatunde & Olenik, 2021). From these initial codes and patterns, themes were formulated. The themes and sub-themes were further evaluated and revised to ensure that they accurately portrayed the founders' and employees' thoughts and viewpoints.

5. Results

The analysis of the interviews revealed important conclusions regarding different topics. These topics include the impact of organizational structure combined with the relevance of employee involvement and responsibility within the startup and the causes of volatility and impact on employees' and founders' motivations. Please see Appendix 9 for the responses of the interviewees.

5.1 Business Idea Development

Before analyzing the variables influencing decision-making in startups, it was essential to understand how these startups developed their business ideas. The survey's findings revealed that most startup ideas originally came from the need to solve a problem in society. Founders are driven by a desire to make a difference and give back to society by solving pressing problems.

Many startup ideas emerged from founders discovering common areas of interest with other founders. Based on the responses of the interviewees, the startup ecosystem depends heavily on networking and collaboration, and founders frequently meet others who share their enthusiasm for a specific field or industry. These connections can lead to discovering new market opportunities and business ideas.

Participants reported that brainstorming was another common method to discover new business ideas. During the interviews, entrepreneurs mentioned that a way to develop a business idea could be by gathering a group of innovative minds to brainstorm and find potential solutions for problems. As a participant stated, "we executed an exercise called genius zone to map strengths and then discovered what areas of interest we had in common" (Participant E). Participants thought brainstorming sessions create the opportunity to develop a wide range of ideas, some of which may not have been initially considered.

Additionally, participants considered research as another important method to generate startup ideas. By analyzing market trends, conducting market research, and identifying gaps in the marketplace, entrepreneurs can discover opportunities for innovation. After finding the business opportunity or idea, the participants stated that taking the necessary steps to establish a successful startup is crucial. The first step is to validate the idea and ensure its viability. Afterward, they reported that many startups then decide to participate in incubation programs, build a stable business model, and eventually produce a minimum viable product. These actions are critical to establishing a solid foundation and increasing the chance of success.

5.2 Decision-Making

In addition to understanding the base of a business idea, it is essential to comprehend the decision-making within the startup. The interviewees mentioned many different methods that startups use to make decisions, including data analysis, discussions with clients, partners, and experts in the field, establishing goals and KPIs, and using reports to act. Additionally, interviewees thought intuition could play a role when deciding, especially when the information is unclear.

Interviewees considered that startups can learn important information about market trends, customer preferences, and other aspects that impact their operations by analyzing data and engaging with stakeholders. They noted that setting goals and KPIs is essential, as it allows companies to track their progress and modify their strategies. Accordingly, as stated by a respondent, "we report the results of the goals and on the weekly reviews it is decided what actions to take on these results" (Participant F). Additionally, they reported that regular reporting and evaluation of results can help businesses identify areas of improvement. By combining these factors with intuition, interviewees stated that startups can make well-informed choices that support their long-term expansion and success.

As stated by the participants in the context of startups, time and financial resources have become important decision factors. Most respondents cited time as the most important factor due to the need for quick action and adaptation to the startup's environment. Financial resources were also considered important because they directly impact the available options and the capacity to execute tasks. According to the perception of the interviewees, time and financial resources can be closely linked, as limited resources often require quick and decisive action to ensure business survival and growth.

When asked to evaluate their decision process, most participants acknowledged that there was room for improvement. However, they found it challenging to identify areas that needed improvement.

5.3 Structure and Responsibility

After an analysis of the general characteristics of startups, it was a priority to understand how employees view the organizational structure to address this thesis' first research question. According to the interviews, most respondents (66.7%) are aware of the organizational structure they are part of and perceive it as a flat structure. The remaining respondents (33.3%)

understand it as a hybrid structure, which allows for open and transparent communication; however, there is still a sense of hierarchy.

Interviewees agreed that a flat organizational structure promotes a greater sense of responsibility among employees. As one of them stated, “It is good to have a flat structure, there are obviously challenges, however, you empower the other part to make decisions. When you report too many people, there is a shift of blame, and that takes way ownership” (Participant A). This consensus was justified in a few different ways, including that, in a flat organization, opinions are valued and respected more, meaning that employees feel more empowered and want to take ownership of their work and contribute to the startup success.

Employees that participated in the study referred that a flat structure allows them to have a more complete picture of the organization, which allowed them to take on tasks and make informed decisions that may not be possible in a more typical company structure, “when you have too much vertical approach communication is less effective” (Participant F).

Furthermore, according to the interviewees’ perceptions, the employees in flat hierarchy organizations have direct access to the source of information, which allows them to stay updated about the most recent developments and make quick decisions. They further noted that this increased responsibility can lead to a greater sense of job satisfaction as employees feel more engaged and invested in the organization’s success. Moreover, they stated that, as employees are encouraged to share their thoughts and insights with colleagues, it can also foster a more collaborative work atmosphere, leading to better problem-solving and decision-making. As represented in Figure 1, a flat structure mainly promotes ownership, allows direct communication between individuals, and permits them to make quick decisions.

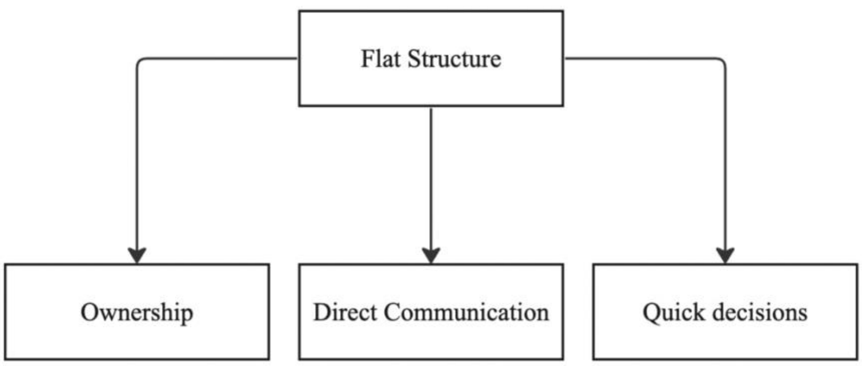

Figure 1 – Benefits of Flat Structure.

The influence of age on responsibility within a startup is a subject worth exploring, considering that the sample was mainly under 30 years old (77,8%). Based on the responses gathered in the interviews, there appears to be no clear consensus on the matter. A total of 55.5% of the participants believed that age does not play a significant role in determining responsibility, 33.3% considered age to be a factor to some degree, and 11.1% believed that age matters.

According to the participants, different individuals and companies have distinct views on the subject, with some prioritizing expertise and others valuing more experience. However, the majority of answers point to expertise as the most crucial factor, as stated, “the level of expertise will define the weight you have in the discussion” (Participant E), with age being a secondary factor. The results of the interviews emphasized the importance of competency over age or experience, which indicates a focus on accomplishing goals.

At the end of the organizational structure analysis, the responses show that there is not only one method to determine responsibility within a startup. The culture of the company and individual perspectives will probably influence how age, experience (as an indicator of how long an individual has been working), and expertise (as an indicator of individual competency) impact the decision-making process. However, the consensus of the participants demonstrates that expertise should be the focus; as a participant stated, “their decision-making will reveal if you trust the person to do hard decisions or not” (Participant A), with age and years of work experience weighting less in the decision-making process of startups.

5.4 Structure and Employee involvement

Employee involvement is an essential part of every successful business. According to the participants, inclusion and feedback are important variables that contribute considerably to a positive workplace culture. It is fundamental to involve every or a large part of the workforce since it fosters a sense of ownership and investment in the startup’s success. As mentioned during the interview, “there is a need for feedback from employees because they are closer to the end results” (Participant F). According to the interviewees’ perceptions, it is more likely that employees collaborate, innovate, and grow when they feel involved in decision-making.

As mentioned in the interviews, including all employees in the decision-making process can be challenging, as the level of involvement can vary depending on multiple factors, such as the decision’s nature, the employees’ degree of expertise, and the startup culture. According to the interviewees, decisions in a company with a flat structure need input from various stakeholders, including founders, senior management, and employees. According to participant H, “at the beginning I was making all the decisions regarding the roadmap, recently I decided to add the developers in this process of decision, because they provide valuable input". As stated by one participant, founders, specifically, may request feedback at a later stage after considering all their options, allowing them to make wise choices.

Additionally, interviews showed that employees were comfortable in deferring to their colleagues' decisions and tasks that were outside of their scope, as one of them stated, "I deferred completely to my colleague the other part of the decisions. It is important to identify which things are in your scope or not" (Participant A). According to the participants, employees or founders may benefit from this approach, as it helps ensure accountability and effective decision-making. The findings of the interviews demonstrated that employees trust their colleagues to make wise choices, which enables them to use time and resources better, allowing them to focus on their core tasks and responsibilities.

A critical factor that contributes to creating a positive work culture is employee feedback. As stated by the participants, when the workers feel that the management values their opinions and ideas, there is more commitment to the startup on their part. Employee feedback can be used to find areas for improvement, develop new products or services, and increase customer satisfaction. According to Participant I, "the decisions are guided by the employees' actions and feedback on a weekly basis. A certain tool was not working properly, so they took into consideration the feedback of the employees and decided to change it".

In line with the interviews' results, all startups seriously consider employee feedback and mainly involve senior employees in decision-making. In some cases, founders take feedback into account by organizing workshops, "we gathered the team in a hotel and did a workshop to understand how we can improve the product" (Participant H). According to the interviewees, it is a strategy that promotes inclusion and encourages innovation and creativity. As the business expands, inclusion and feedback become more important as they guarantee that everyone is aligned and working towards common objectives. As represented in Figure 2, employee involvement is promoted through input from external and internal stakeholders, by deferring decisions to colleagues, and collecting feedback employee feedback.

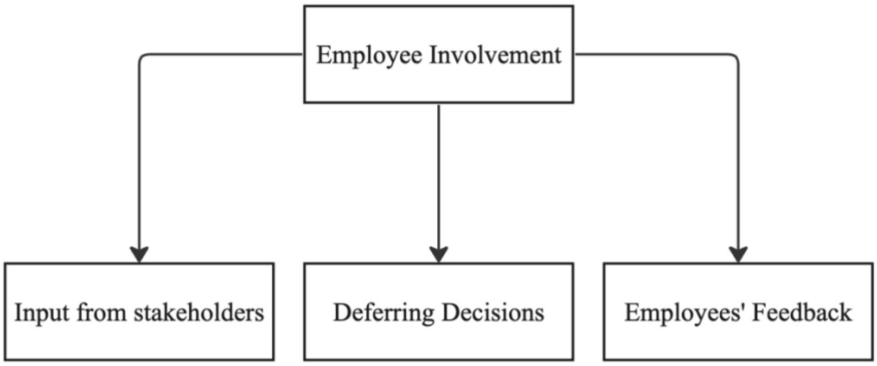

Figure 2 – Reasons that contribute to employee involvement.

5.5 Volatility

During the interviews, the topic of volatility and its impacts on startups was a key discussion area. The respondents were specifically questioned about how they believed volatility affects decision-making and strategies within startups. Everyone in the study responded that decisions and strategies can easily change in a startup for different reasons.

"A lot of the time you lack data that you need to make a decision" (Participant E), according to the participants this causes ideas and strategies to constantly change as new information becomes available. As stated by the interviewees, another contributing to volatility is the more open and dynamic decision-making process in startups, which results from their smaller size and different hierarchy structure. This allows more rapid adjustments to market changes.

Additionally, interviewees also added that startups are often introducing a product or service that the market is not aware of, meaning that "when you are rebuilding a product that no one knows they need, and you must sell it there's a need for quick decisions, it is a blue ocean" (Participant H). According to participant H, the "blue ocean" scenario makes it crucial for the startup to adapt their strategies and refine the decision-making. It was also noted during the collection of results that business models are frequently not stable during the startup phase, "there are changes all the time, the business model is not proven at 100%. There are adjustments in strategies, we must adapt to industries changes" (Participant F).

During the interviews, participants discussed how their startups' original idea evolved. Two-thirds of the sample reported that the initial idea changed over time, while the rest believed that the idea just evolved with time.

One commonly cited explanation for this change was that the initial idea was not viable and needed to be changed to succeed. As stated in the interviews, it is common that startups, gain feedback from both internal and external stakeholders, “the input of people is useful to craft the idea, you start talking with individuals and change it. By the time you launch you receive another feedback. The idea is constantly changing” (Participant E). According to the founders and employees, there is an understanding that some of their elements need to change to satisfy the customer’s needs or improve the quality of their service.

One interviewee described how their startup initially targeted young customers but after launching their product, found that their primary market should be older consumers. In another case, a startup was initially focused on more than one sector but later chose to narrow the services provided, focusing only on one sector to improve the quality and expertise of its service. Finally, another respondent described how conducting trial-and-error experiments completely altered the technical side of their idea. Interviewees generally agreed that this evolution was needed to increase the likelihood of success of the startup.

To gain a deeper knowledge of the factors that contribute to changes in startup decisions, the interviewees were asked about internal, i.e., size of the company and number of decision-makers, and external variables, i.e., competition or market changes that can create this volatility.

Considering internal reasons, the size of the company and the number of decision-makers were investigated to understand how they affected the startups’ degree of volatility. The findings of the study revealed a lack of consensus. While 55.6% of the study’s participants thought that having more decision-makers involved in the process leads to less volatility in decision-making, 44.4% of the sample believed that having more decision-makers increased it. Some factors that can justify both results. The first group claimed that involving more decision-makers enriches discussions and leads to more stable decisions; in the words of Participant B “When you have a lot of people it becomes more interesting to challenge the idea. We are a lot of decision makers and when it comes to the bottom-line, we trust the CEO”. The second group argued that including more decision-makers could make it more difficult to take everyone’s opinions into consideration, as one participant stated, “the more decision-makers you have the more changes you have” (Participant F). Additionally, some interviewees believed that having a smaller team of decision-makers might result in more linear processes and flexibility when changing decisions. As represented in Figure 3, the external reasons that affect startups' decision-making process are COVID-19, competition, economic factors, and political factors.

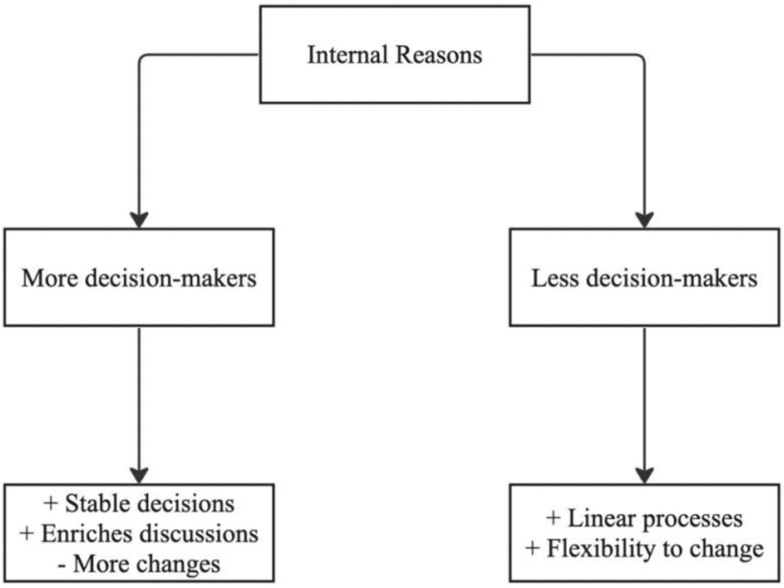

Figure 3 – Internal reasons affecting volatility in the Decision-Making Process.

Regarding reasons affecting decision-making, 77.7% of the sample considered that the decisions made by their startup were affected by external factors. In comparison, 22.2% considered that external factors do not play a significant role when making decisions. The external variables mentioned by the respondents were COVID-19, competition, economic, and political factors.

Some respondents mentioned that they had to change and adapt decisions due to COVID-19, and these changes had to be done quickly. Regarding competition, a part of the sample mentioned that they do not have a direct competitor, so it does not play a role on their decisions; however, others mentioned it has an impact on their startup. Additionally, interviewees agreed that economic factors affected their decisions, "the economic downturn has affected the initial roadmap because we need to be careful on how we spend the money, and how we hire" (Participant E). According to the interviewees, it can be challenging to raise money during an economic contraction, which can impact a startup's ability to develop and expand. Political factors were mentioned by one respondent who stated they are reliant on politics. In other words, this demonstrates that founders and employees can be impacted by external factors beyond their control, such as changes in government policies or the leadership of political parties. As represented in Figure 4, the main external reasons affecting startups' decision-making process were COVID-19, competition, economic and political factors.

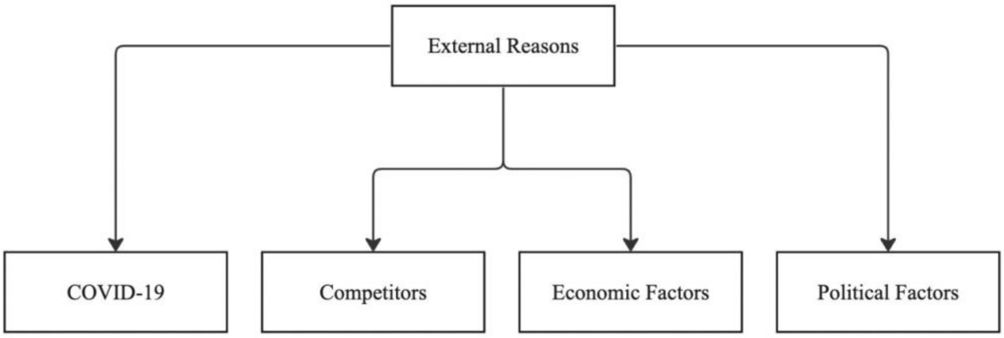

Figure 4 – External reasons affecting volatility in the Decision-Making Process.

5.6 Volatility and Motivations

The participants were asked about the impact of volatility on employee motivation. A little under half (44.4%) of the respondents reported a negative impact of volatility on employee motivation. They attributed this negativity mainly to emotions, such as frustration, disappointment, and lack of effort in adjusting to changes. According to Participant A, "every time there's a setback, I feel frustrated". These respondents believed that the incapacity to understand the long-term objective of what they are doing was also a major contributor to the detrimental effect of volatility on employee motivation.

In contrast, 33.3% of the sample considered that volatility could positively impact employee motivation. The positive impact was seen as linked to the personal characteristics of a particular individual, "there are a lot of people excited with changes" (Participant H). According to one participant, these individuals feel that adjustments to the work environment can bring new opportunities to grow, learn, and innovate.

Lastly, 22.2% of respondents considered the impact of volatility to be a mix of positive and negative. They believed that changes could be beneficial for certain individuals yet challenging for others; as Participant I stated "personally, it gets me motivated because it changes constantly, there are new challenges. If you like being super structured and work by established processes maybe, it is not the right job". As mentioned by Participant H during the interview, if a developer has been working on a product for a long time and people do not like it, it is possible that he finds it challenging to change everything after all the work he performed.

Finally, the founders pointed out that they may have an advantage in adapting to decisions as they have a full understanding of the circumstances; as Participant E stated, "founders have a bigger picture, it is annoying to adapt to new decisions, but we do it more easily than employees". However, both types of interviewees recognized that founders could face difficulties due to volatility's effect, which creates a lot of uncertainty. As stated in the interviews, founders must pivot rapidly and make difficult choices. Although brainstorming sessions often lead nowhere, respondents noted that the motivation to continue comes from achieving results.

6. Discussion of Results

The current dissertation intends to investigate the perceived impact of stakeholders' impact in the decision-making process of startups, in the opinion of employees and founders of startups. Specifically, this research's primary goals were to explore the impact of hierarchy structure on stakeholders' sense of responsibility and focusing on the variables that contribute to the volatility of decisions in an entrepreneurial environment, as well as their association with stakeholders' motivation.

6.1 Theoretical Implications & Recommendations

The current dissertation makes eleven contributions to the literature on decision-making within startups. First, the findings support effectuation theory (Perry et al., 2012; S. D. Sarasvathy, 2001) by showing that founders and employees perceive a relationship between intuition and decisions that occurs due to volatility. It was possible to infer from the results of the interviews that, although there are a lot of methods to make decisions, such as establishing goals, analyzing data, and discussing with stakeholders, in the end, intuition plays a big role when there are decisions to be made, mainly in cases where information is unclear. About evaluating the decision-making process of the startup, participants acknowledged that there was room for improvement, however, there is a lack of insights on how to do it. So, there seems to be a demand for decision-making improving interventions in startups.

Second, findings regarding how time and resources impact decisions according to the perceptions of founders and employees resonate with the previous studies (D. Burton et al., 2019) showing that time and financial resources make startups' decisions process much more challenging, since they are working in an unpredictable environment.

Third, employees and founders of this study believe that the organizational structure of their startup is flat and stimulates employee responsibility. This responsibility is fostered by the value placed on employee opinions and insights, direct access to information, and a collaborative work environment that encourages problem-solving and decision-making. These results were aligned with the literature review, meaning that, in startups, there are fewer layers of hierarchy (Puranam, 2014), making it possible for individuals to have more responsibility, something that cannot be seen in a tall organizational structure (Carzo & Yanouzas, 1969).

Fourth, when considering the influence of age on responsibility within a startup, there was no clear consensus among the interviewees. While some respondents believed that age matters, most of the sample believes that expertise plays the bigger part when it comes to responsibility, with age and years of experience coming after. However, it is important to note that individual perspectives and the culture of the company may also play a significant role in determining responsibility (Carzo & Yanouzas, 1969). Regardless, the findings of the study support this thesis hypothesis that a flatter hierarchy structure within a startup leads to an increase in stakeholders' sense of responsibility. Most of the founders and employees interviewed believed that a flat organizational structure of their startup stimulates employee responsibility.

Fifth, the results suggested various important considerations regarding the structure and employee involvement. When employees feel included and valued, they will most likely innovate and be more committed to the success of the startup. Therefore, it broadens previous research findings that have found similar conclusions regarding a positive correlation between employee participation and decision-making (Miller & Monge, 1986; Wagner III & Gooding, 1987).

Sixth, according to the interviewees, involving all employees in the decision-making process can be a challenge, however, startups are trying their best to involve everyone as much as they can. Nevertheless, the level of involvement in startups can vary depending on different factors such as the decision's nature, and the degree of expertise of the involved, as stated in the interviews "senior levels are always involved while middle-level management can be involved" (Participant E). In a flat structure business, decisions have input from distinct stakeholders, from founders to employees, as stated in the interviews "the main strategy is everyone giving advice to everyone" (Participant G). Based on the outcomes of the interviews, this method of decision promotes accountability and efficient decision-making that enables more educated and wise choices, once again aligning with the findings of previous studies (Leana et al., 1992).

Seventh, the analysis also demonstrated that employee feedback is essential to create a positive work culture. Startups tend to consider employee feedback since it can be used to find areas for improvement, develop new products or services, and increase customer satisfaction. As stated in one of the interviews, a way to collect employees' feedback is by organizing workshops. Employee feedback can be promoted by organizing workshops where employees can voice their opinions that will be considered when taking decisions (Yang & Konrad, 2011). Additionally, startups can do monthly surveys to employees to collect general feedback on what can be done to improve. After analyzing all the interviewees' perceptions, the hypothesis that a flatter hierarchy structure within a startup leads to increased employee participation in the decision-making of the business is represented by the results found.

Eighth, the results of the study suggest that volatility is a significant challenge for startups, and it can affect decisions within the startups and strategy development in different ways. On one hand, volatility can be caused by the lack of accessible data, which causes ideas and strategies to constantly change as new information emerges. On the other hand, it appears that the size and different hierarchy structure also contributes to volatility, according to one participant in the current study, volatility increases when there are more decision-makers. This possibility occurs because there is a more open and dynamic decision-making process in startups than in other types of organizations, which allows for rapid adjustments to market changes, as also mentioned in previous findings (Burns & Stalker, 1961; Covin & Slevin, 1989).

Ninth, the results showed§ that startups develop and change their initial ideas, as they receive feedback from internal and external stakeholders. According to the startups' founders and employees, the changes can even include changing their target market or narrowing their services to improve their quality and expertise, and there is a need for trial-and-error experiments. A consensus can be noticed in line with prior findings since in the launch of new products or services there is always increased volatility (Baloff & Mckersie, 1966).

Tenth, internal factors that were considered to contribute to the volatility in decision-making were the number of decision-makers. However, the results were contradictory regarding the impact of having more decision-makers involved when making decisions and its effects on volatility. Some participants expressed that including more decision-makers enriches discussions and results in more stable choices, while others argue that doing so might make it more difficult to consider everyone's viewpoints. Regarding external variables, the participants of the study revealed that COVID-19 created high volatility in decisions and required quick changes with the need to adapt. Also, competition, economic factors, and political factors were the main factors mentioned that can affect startups' decisions and ability to expand, this is in line with Nummela's (2014) findings. The findings of the study support the hypothesis that internal and external factors impact the level of volatility in decision-making for startups. It was indisputable that internal and external factors play a critical role in startups, so startups must recognize the impact of volatility and develop flexible decision-making strategies that allow for quick adjustments to market changes.

Lastly, the findings of the dissertation suggest that volatility can have a mixed impact on employee motivation. While there are employees that see changes as an opportunity to learn and grow, others may experience feelings of frustration and reluctance due to the lack of understanding of long-term objectives or difficulty in adjusting to changes. So, if there is a positive impact of volatility, it can probably be associated with personality traits (Baloff & Mckersie, 1966). Startups should focus on doing a profound analysis when recruiting individuals, to hire individuals that may see uncertainty in a more positive light than negative, as they might experience less frustration.

According to the perceptions of the respondents, founders may have an advantage in adapting to changes due to their broader perspective of the reality and circumstances that the startup is facing. However, founders also have feelings of uncertainty when making decisions and pivoting quickly. It is essential for startup leadership to make employees understand the long-term objectives of the business and what potential opportunities it can bring.

According to the study results it is possible to infer that, although volatility can have a mixed impact on employee motivation, there are ways to mitigate the negative effect, such as hiring individuals that are flexible and prone to constant change. Regarding volatility on motivations, the findings of the study do not fully support the hypothesis of the current thesis that the volatility of decisions made in entrepreneurial settings has no effect on stakeholders' motivation. This impact should be considered on a case-by-case basis since the results were not conclusive and varied depending on different perceptions.

6.2 Limitations of the study

Despite these contributions, the study has drawbacks, many of which call for additional investigation in certain areas. Firstly, the qualitative approach does not allow us to know how widespread or frequently the ideas of the participants are mentioned. Future studies should focus on one specific aspect, such as linking motivation with flatness or exploring the influence of risk aversion on the decision to launch a startup at different stages of life – for instance comparing the perspective of individuals 20 years old vs 40 years old. Researchers can try to use a quantitative approach to figure out whether they are indeed correlated or how often.

Secondly, the study only considers nine different startups, and although they are in different countries, it is not possible to make extensive generalizations. In addition, only individuals from technology-based startups in Europe were chosen to participate. Future researchers should increase the sample size and consider the opinions of individuals from distinct geographic locations and different industry sectors so that the findings can apply to a higher number of startups.

Thirdly, the samples restrict the results specifically to highly educated workers, many of whom are young and primarily come from Portugal. Thus, future studies should obtain samples that are broader in terms of nationality and age. Also, the research sample was only men. Although women were asked to participate in the study, none was available to do so. Researchers should focus on interviewing individuals from different genders. Including women, is essential to understand gender differences and if there are any biases.

Fourthly, convenience sampling technique used in this research may have produced a biased sample, because the individuals that are more willing to participate may not be representative of the startup population. Other sampling techniques, such as random sampling, may be beneficial to improve the findings in an unbiased way, as it ensures the sample is representative of the larger population of startups.

Lastly, a semi-structured interview script seemed appropriate to conduct the study in an initial phase, as it permits to focus on the topics of interest, is participant-centered, and allows them to elaborate on the responses. However, it was noticed, while conducting the interviews, that a semi-structured interview script may not be the most appropriate way to conduct the study. The semi-structured script does not allow for much flexibility and is a time-consuming process, considering the need to build a script from scratch. In future research, instead of using semi-structured interviews script, it could be useful to do unstructured interviews. Using this type of structure will allow to do even more open-ended questions and have more flexibility with the responses.

7. Conclusion

The current discussion explored outcomes and insights related to startup decision-making, with an emphasis on the interaction of organizational structure, employee participation, and responsibility. Additionally, the study investigated the factors that contribute to startup volatility and the effect of volatility on the motivations of both workers and founders. According to the findings, a flat organizational structure promotes a higher feeling of responsibility and participation among employees. However, the results on the factors that lead to volatility are contradictory, and there are different opinions on the impact of volatility on employee and founder motivations. The findings of this study may serve as a model for other academics interested in the relationship between the variables under study, as well as other related research subjects. Startups should try to define decision-making processes, which can include who is the decision-maker and the respective communication plan. However, there is a need to include employees, promote participation in the decision-making process, and make sure employees are well-aligned regarding the vision of the company.

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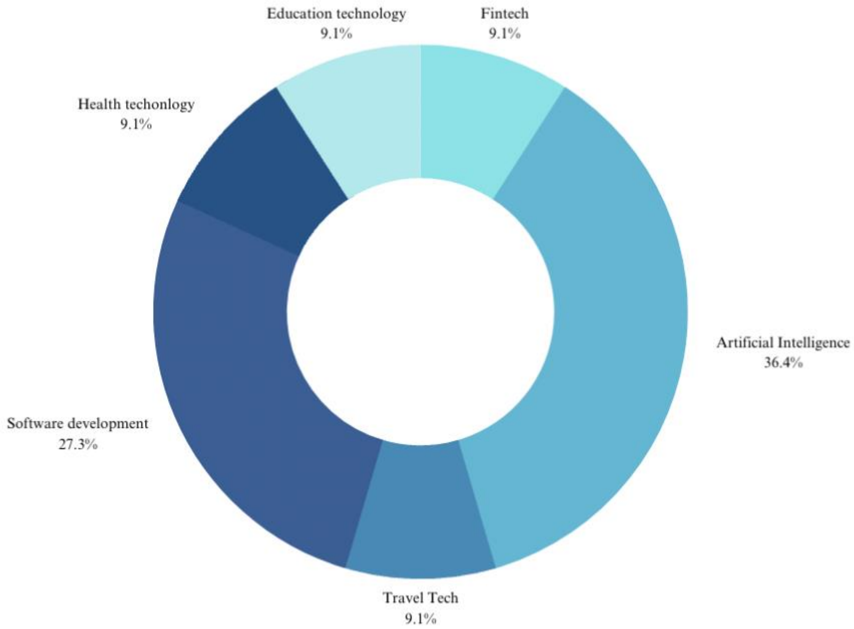
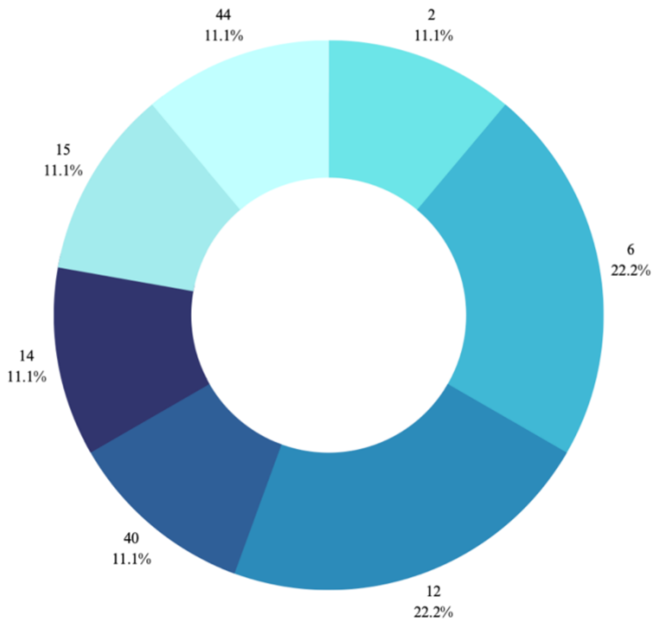
Appendix

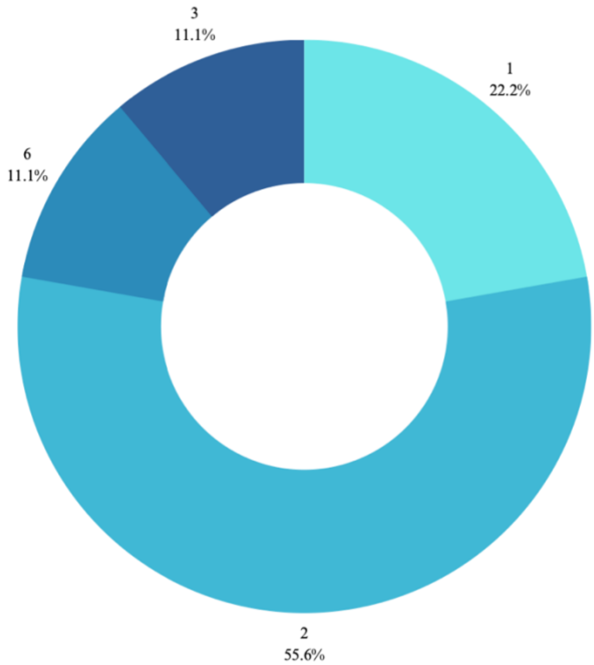
Appendix 1- Startups category



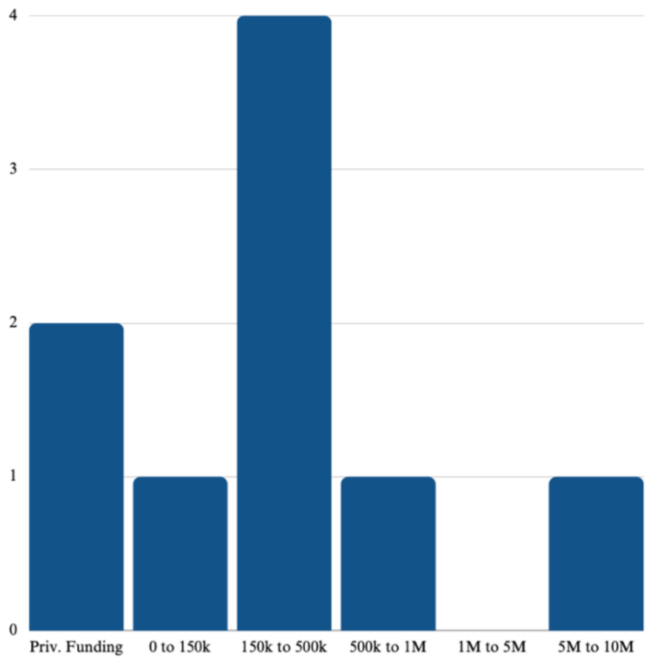
Appendix 2 – Startups headcount



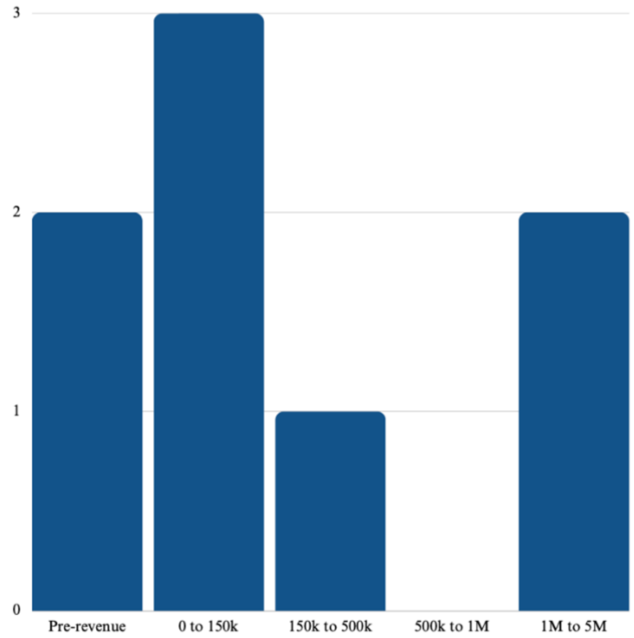
Appendix 3 – Number of Founders



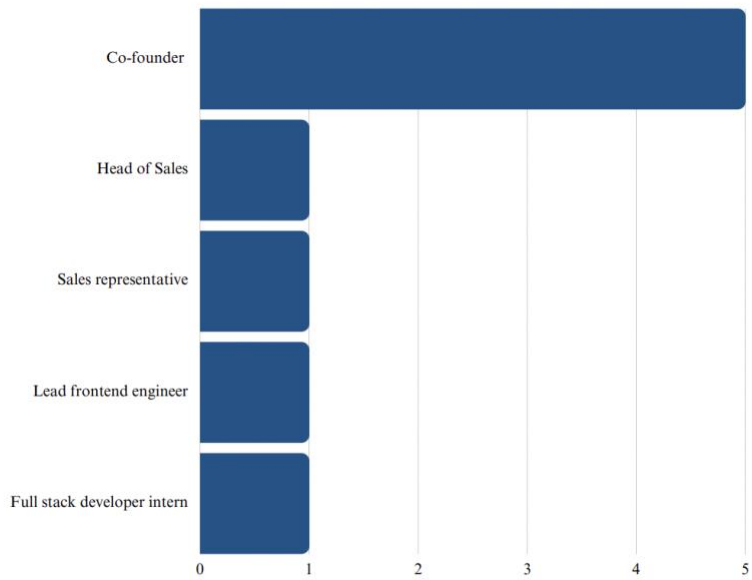
Appendix 4 – Startups' funding



Appendix 5 – Startups' Yearly Revenue



Appendix 6 – Position in the company



Appendix 7 – Employees Script

Semi-structured Interview Script

Good afternoon and thank you for being part of this study. I am conducting research for my dissertation CLSBE on the topic of decision-making in new ventures, and I would like to record this interview to ensure that I capture all the important information discussed. Will this be okay for you?

I am very grateful that you agreed to participate in this interview and contribute not only for my Master thesis, but also to the existing research in new ventures.

The purpose of this study and interview is to generate conclusions about the process of decision-making in a start-up. The research involves elements such as hierarchy and responsibility within the company and the volatility of decision-making in startups.

I would like to inform you that the information collected through this interview process will be kept anonymous and will not be linked to specific details about your startup in the final report. It would be ideal if the interview is open and honest. It is important that you share all your opinions and thoughts while trying to be as complete as you can with your responses.

Now, I would like to ask you general information for this study:

1. What category the start-up belongs to?
2. How many people does the start-up have? (headcount)
3. How many founders does the start-up have?
4. What is your position in the company?
5. When was the start-up founded?
6. What funding has the start-up received so far?
7. In what revenue group do the start-up fit in?

Decision-Making

1. How do you make decisions in your start-up on a regular basis, how often and with whom?
2. How has this decision-making process changed over time? Why did-those changes happen?
3. What is your usual process of decision-making? (Do you use any BI tools?)
4. How long have you been using this tool/processes and how did it change over time?
5. What factors do you take in account when making decisions in your start-up?
6. How do you evaluate your decision-making process?

7. How do you think you could improve? Do you feel you could use more help to improve it?

Hierarchy

1. How does leadership take place in your company? Is the structure more vertical or horizontal (flat)?
2. How do you think having the X structure you have impacts worker responsibility?
3. In your perspective, are employees included in the decision-making process? And how?
4. Can you provide examples of decisions that were made with significant employee involvement and input, and what was the outcome?
5. What structure do you think could lead internal stakeholders to a more proactive and ownership approach? Why?
6. To what extent does the company use feedback and suggestions from employees to inform and improve the decision-making process?
7. In your company, how does experience relate with responsibility in decisions? Does an older or more experienced stakeholder have more responsibility within the company? Or it is related with expertise and not years of experience?

Volatility

1. Do you think decisions and strategies change easily in a startup? Why do you think that is?
2. Did the initial idea change overtime? What was the rationale behind this process?
3. How does the size of your company and the number of decision-makers impact the level of volatility in the decision-making process?
4. In what ways have external factors, such as competition or market changes, influenced the decisions made by your startup?
5. How does the level of volatility in decision-making impact the motivation of employees in your startup?
6. Can you discuss any instances where changes in the decision-making process resulted in increased or decreased motivation among employees?
7. How has the level of uncertainty associated with decision-making affected the motivation of the company's founders or team? Can you provide examples?

Appendix 8 – Founder's Script

Semi-structured Interview Script

Good afternoon and thank you for being part of this study. I am conducting research for my dissertation CLSBE on the topic of decision-making in new ventures, and I would like to record this interview to ensure that I capture all the important information discussed. Will this be okay for you?

I am very grateful that you agreed to participate in this interview and contribute not only for my Master thesis, but also to the existing research in new ventures.

The purpose of this study and interview is to generate conclusions about the process of decision-making in a start-up. The research involves elements such as hierarchy and responsibility within the company and the volatility of decision-making in startups.

I would like to inform you that the information collected through this interview process will be kept anonymous and will not be linked to specific details about your startup in the final report. It would be ideal if the interview is open and honest. It is important that you share all your opinions and thoughts while trying to be as complete as you can with your responses.

Now, I would like to ask you general information for this study:

1. What category the start-up belongs to?
2. How many people does the start-up have? (headcount)
3. How many founders does the start-up have?
4. What is your position in the company?
5. When was the start-up founded?
6. What funding has the start-up received so far?
7. In what revenue group do the start-up fit in?

Decision-Making

1. How did you come up with your business idea?
2. How did you build your start-up? What were the first steps?
3. How do you make decisions in your start-up on a regular basis, how often and with whom?
4. How has this decision-making process changed over time? Why did-those changes happen?

5. What is your usual process of decision-making?
6. How long have you been using this tool/processes and how did it change over time?
7. What factors do you take in account when making decisions?
8. How do you evaluate your decision-making process?
9. How do you think you could improve? Do you feel you could use more help to improve it?

Hierarchy

1. How does leadership take place in your company? Is the structure more vertical or horizontal (flat)?
2. How do you think having the X structure you have impacts worker responsibility?
3. Do you include employees in the decision-making process? And how?
4. Can you provide examples of decisions that were made with significant employee involvement and input, and what was the outcome?
5. Which structure do you think could lead internal stakeholders to a more proactive and ownership approach? Why?
6. To what extent does the company use feedback and suggestions from employees to inform and improve the decision-making process?
7. In your company, how does experience relate with responsibility in decisions? Does an older or more experienced stakeholder have more responsibility within the company? Or what you take into consideration is expertise?
8. How does the company ensure that all employees have equal opportunities to participate in the decision-making process, regardless of their role or seniority?

Volatility

1. Do you think decisions and strategies change easily in a startup? Why do you think that is?
2. Did the initial idea change overtime? What was the rationale behind this process?
3. How does the size of your company and the number of decision-makers impact the level of volatility in the decision-making process?
4. In what ways have external factors, such as competition or market changes, influenced the decisions made by your startup?

5. How does the level of volatility in decision-making impact the motivation of employees in your startup?
6. Can you discuss any instances where changes in the decision-making process resulted in increased or decreased motivation among employees?
7. How has the level of uncertainty associated with decision-making affected the motivation of the company's founders or team? Can you provide examples?

Appendix 9 – Main responses of Interviewees

Responsibility and Organizational Structure	
Participant A	"There are obviously challenges, you empower the other part to make decisions. When you report to many people there is a shift of blame and that takes away ownership".
Participant F	"Flat structure impacts in a good way, you feel more responsibility and can directly go to the source of information, if you have too much vertical approach communication is less effective".

Responsibility and Experience	
Participant A	“Age does not play a role. The experience of someone is well reflected in the decisions they make; you seat and observe. Their decision-making will reveal if you trust the person to do hard decisions or not”.
Participant I	“It’s really based on expertise, if you’re 18 but professional in coding you’re in”.

Employee Involvement and Organizational Structure	
Participant A	“I deferred completely to my colleague the other part of the decisions. It is important to identify which things are in your scope or not”.
Participant F	“There is a need of feedback from employees because they are closer to the end results”.
Participant I	“The decisions are guided by the employees' actions and feedback on a weekly basis. A certain tool was not working properly, so they took into consideration the feedback of the employees and decided to change it”.

Volatility and Changes	
Participant E	"A lot of the time you lack data that you need to make a decision".
Participant F	"There are changes all the time, the business model is not proven at 100%. There are adjustments in strategies, we must adapt to industries changes".
Participant H	"When you're building a product that no one knows they need, and you must sell it there's a need for quick decisions, it's a blue ocean".

Volatility and Internal Factors	
Participant B	"When you have a lot of people it becomes more interesting to challenge the idea. We are a lot of decision makers and when it comes to the bottom-line, we trust the CEO".
Participant F	"The more decision-makers you have the more changes you have".

Volatility and External Factors	
Participant E	“The economic downturn has affected the initial roadmap because we need to be careful on how we spend the money, and how we hire”.
Participant G	"The external impact comes from politics, we are are dependent on politics, if the municipality changes the head of education department, and he does not agree with what we are doing it can affects us".

Volatility and Motivation	
Participant A	“Every time there is a setback, I feel frustrated”.
Participant H	“There are a lot of people excited with changes”.
Participant I	“Personally, it gets me motivated because it changes constantly, there are new challenges. If you like being super structured and work by established processes maybe, it is not the right job”.