

Internal Communication & Employee Commitment: A Secret Ingredient for Start-up Success?

International Business Communication
Master's thesis
Leeni Harmainen
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ABSTRACT

AALTO UNIVERSITY SCHOOL OF BUSINESS
International Business Communication Master's Thesis
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Objective of the Study

The objective of this study was to look into internal communication and employee commitment in start-up companies. With this it was aimed to find out whether there is a relationship between the concepts and if that relationship can be described.

Methodology and the Theoretical Framework

This study was conducted using the mixed method research approach. It consisted of a qualitative pre-research phase, where two semi-structured interviews were conducted to gain more insight on the subject. After this the core component of the research, a quantitative employee commitment survey was conducted. This survey followed the guidelines of the TCM Employee Commitment Survey by Meyer and Allen (2004). The theoretical framework of this study introduced a path leading from internal communication, to employee commitment and employee engagement and finally to financial success.

Findings and Conclusions

A link between internal communication and employee commitment was found to exist in this study. This relationship seems to be different depending on the component of commitment (affective, continuance, or normative). The correlation analysis conducted does not prove any causality of this relationship, which is why further research on the topic is needed.

Key words: internal communication, start-up, employee commitment, employee engagement.

TIIVISTELMÄ

AALTO YLIOPISTON KAUPPAKORKEAKOULU

14.10.2014

Kansainvälisen yritysviestinnän kansainvälinen pro gradu -tutkielma

Leeni Harmainen

Sisäinen viestintä & työntekijöiden sitoutuneisuus: avain start-up yritysten menestykseen?

Tutkimuksen tavoitteet

Tämän tutkimuksen tavoitteena oli saada lisätietoa sisäisestä viestinnästä ja työntekijöiden sitoutuneisuudesta start-up yrityksissä. Tämän tiedon avulla haluttiin selvittää onko sisäisen viestinnän ja työntekijöiden sitoutuneisuuden välillä jonkinlainen yhteys ja jos sellainen voidaan havaita, voidaanko yhteyttä kuvailla.

Tutkimusmenetelmät ja teoreettinen viitekehys

Tämä tutkimus toteutettiin yhdistämällä kvalitatiivinen valmisteluvaihe kvantitatiiviseen ydinvaiheeseen. Kvalitatiivisessa vaiheessa toteutettiin kaksi teemahaastattelua ja kvantitatiivisessa vaiheessa sitoutuneisuuskysely start-up työntekijöille. Tämä kysely rakennettiin Meyerin ja Allenin (2004) TCM Commitment Survey-pohjaan perustuen. Tutkimuksen viitekehys loi polun sisäisestä viestinnästä työntekijöiden sitoutuneisuuteen ja edelleen yrityksen taloudelliseen menestykseen.

Tutkimuksen tulokset ja johtopäätökset

Tämän tutkimuksen tulosten mukaan sisäisen viestinnän ja työntekijöiden sitoutuneisuuden välillä on yhteys start-up yrityksissä. Tämä yhteys on erilainen riippuen kyseessä olevan sitoutuneisuuden luonteesta (affektiivinen, jatkuvuus-, tai normatiivinen). Tutkimuksen korrelaatioanalyysi ei paljasta konseptien välistä syy-seurasuhdetta, jota tulisi tutkia jatkotutkimuksissa.

Avainsanat: sisäinen viestintä, start-up, työntekijöiden sitoutuneisuus

TABLE OF CONTENTS

1. INTRODUCTION	1
1.1. Personal motivation	1
1.2. Internal communication	2
1.3. Employee commitment and engagement = commitment	3
1.4. Internal communication and employee commitment	4
1.5. The start-up environment	4
1.6. Study in the Field of IBC	5
1.7. Research objectives/questions	5
1.8. Structure of the thesis	6
2. REVIEW OF LITERATURE	7
2.1. Internal communication in organisations	8
2.1.1. Internal communication defined	8
2.1.2. The Importance of Internal Communication	11
2.1.3. Employee Perspective	15
2.2. Internal communication in start-ups	17
2.2.1. Start-ups defined	18
2.2.2. The importance of start-ups	21
2.2.3. Internal communication in start-ups defined	23
2.2.4. The importance of internal communication in start-ups	26
2.3. Engagement & Commitment	28
2.3.1. Engagement defined	28
2.3.2. Commitment defined	30
Measuring commitment	32
2.3.3. The importance of commitment and engagement	33
2.3.4. Overlap and correlation – engagement & commitment	35
2.4. The Link: Internal Communication & Commitment	36
2.5. Enablement – an additional concept to consider	38
2.6 Theoretical framework	41
3 METHODOLOGY	45
3.1 Mixed Method Approach	45
3.1.1. Qualitative Research – the pre-research phase	48
3.1.2. Quantitative Research	49

3.2. Semi-structured interviews	49
3.2.1. Definition – semi-structured interview	49
3.2.2. Internal communications professional – Ellun Kanat communications agency	50
3.2.3. Start-up expert – Startup Sauna	50
Interview practicalities	50
3.3. Employee commitment questionnaire	51
3.3.1. Likert scale	51
3.3.2. Questionnaire structure	52
3.3.3. Questionnaire tool – Surveygizmo	57
3.3.4. Survey distribution – social media	57
3.3.5. Survey respondents	58
4. DATA ANALYSIS	60
4.1. Semi-structured interviews	60
4.1.1. Interview highlights	61
Interview 1: Internal Communication	61
Interview: Start-up professional	63
4.2. Employee questionnaire	65
4.2.1. Scoring	65
4.2.2. Correlation analysis	66
Scatterplot	67
Trend lines	68
4.4. Trustworthiness of the study	69
4.4.1. Reliability defined	69
4.4.2. Validity defined	70
5. FINDINGS & DISCUSSION	72
5.1. Affective commitment	72
Open-ended question	73
Consequences of affective commitment	74
5.2. Continuance commitment	74
Open-ended question	75
Consequences of continuance commitment	76
5.3. Normative commitment	77
Open-ended question	78
Consequences of normative commitment	79
5.4. Internal communication findings	80

Open-ended question	80
5.5. Correlation: commitment and internal communication	82
5.5.1. Affective commitment and internal communication	83
5.5.2. Continuance commitment and internal communication	84
5.5.3. Normative commitment and internal communication	85
5.6. Findings and theory	87
6. CONCLUSIONS	91
6.1. Research summary	91
6.2. Main findings	93
6.2 Practical implications	94
6.3 Limitations of the study	95
6.4 Suggestions for further research	95
REFERENCES	97
APPENDICES	105
Appendix I: Interview with a communications professional	105
Appendix II: Interview with a start-up professional	106
Appendix III: Questionnaire questions	107
Appendix IV: Questionnaire distribution in social media	111

LIST OF ILLUSTRATIONS

Illustration 1: Internal communication matrix, a copy of the original table by Welch & Jackson (2012, p.185.....	10
Illustration 2: Communication Effectiveness Drives Superior Financial Performance, a copy of the original illustration by Yates (2006, p.72.....	13
Illustration 3: Employment per firm size (2008), Harvard Business Review, September 2012.....	21
Illustration 4: The amount of new net jobs in the United States. Source: Kauffman Foundation Research Series: Firm Formation and Economic Growth.....	23
Illustration 5: The employee engagement concept and internal corporate communication: a conceptual model – by Welch (2011, p. 340).....	37
Illustration 6: Hay Group’s employee effectiveness framework.....	40
Illustration 7: Theoretical framework.....	42
Illustration 8: Comparison of strengths and weaknesses in quantitative and qualitative research approaches by Amaratunga et al. (2002, p.20).....	46
Illustration 9: Amount of employees in start-ups.....	58
Illustration 10: An example graph of correlation in a simple scatterplot graph.....	67
Illustration 11: An example graph of correlation in simple scatterplot with a trend line.....	68
Illustration 12: Affective commitment scores in the employee commitment questionnaire.....	73
Illustration 13: Continuance commitment scores in the employee commitment questionnaire.....	75
Illustration 14: Normative commitment scores in the employee commitment questionnaire.....	78
Illustration 15: Internal communication scores in the employee commitment questionnaire.....	80
Illustration 16: Correlation between affective commitment and internal communication.....	83
Illustration 17: Correlation between continuance commitment and internal communication.....	84
Illustration 18: Correlation between normative commitment and internal communication.....	85
Illustration 19: A detail from the theoretical frame-work of this study showcasing the study niche.....	87
Illustration 20: Process model: From internal communication to superior financial success.....	90

LIST OF EQUATIONS

Equation 1: Equation for calculating the Pearson correlation coefficient for samples.....	66
Equation 2: Cronbach’s alpha.....	70

1. INTRODUCTION

This thesis studies internal communication and employee commitment in start-up companies and aims to find out whether there is a link and relationship between the two concepts.

1.1. Personal motivation

Research by Welch (2011) has shown that a link between internal communication and employee engagement exists in organisations in general. Previous studies by e.g. Albdour and Altarawneh (2014), Royal and Yoon (2009) and Meyer et al. (2010) showed that commitment is linked to engagement, suggesting a direct link from internal communication to commitment and engagement, which leads to improved financial success. These research results got me interested in studying the subject more closely. Does internal communication affect the commitment of employees and through it result in success of the company?

After working in a start-up company and closely observing the start-up field for over 6 months I got interested to find out whether or not the suggested relationship between internal communication and the commitment of employees applies to start-up companies as well. To me, many of the problems in start-ups, especially in those who already experienced rapid growth and are now more stable, are a result of poor or insufficient internal communication. It also seems that not all start-ups recognise the importance of internal communication and the need to have someone in the company actually responsible for internal communication and its development inline with the start-up's general development and growth.

As this particular niche has not been studied before, my motivation to conduct this research grew even stronger.

1.2. Internal communication

Internal communication has been extensively studied in earlier research but there is still room for new studies providing current and suitable knowledge on the matter (e.g. Welch & Jackson, 2007).

By definition internal communication is strategic management of interactions and relationships (Welch & Jackson, 2007) and includes all formal and informal communication happening internally in an organisation (Kalla, 2006). Internal communication can be defined as the transactions between individuals that aim to design and redesign organisation (Frank & Brownell, 1989) and thanks to internal communication employees can coordinate the essential work processes needed to make any organisation work (Daft & Weick, 1984). Internal communication can happen with the help of many different methods, such as internal newsletters or intranets, in addition to face-to-face conversations (Cornelissen, 2004) and it aims at creating understanding among the members of an organisation (Verčič et al., 2012). All in all, internal communication touches upon all the different dimensions, levels and participants in an organisation and can be either one- or two-way and contain different types of content (Welch & Jackson, 2012).

Internal communication has been recognised as an important and vital part of any organisation with strong effects on the overall success of the organisation (Tourish, 1997; Harshman & Harshman, 1999; Louhiala-Salminen & Kankaanranta, 2012). It is also currently one of the fastest growing specialisations among public relations and communications management research (Verčič et al., 2012). In concrete terms, when effective, internal communication has been shown to result in greater employee engagement and commitment, lower employee turnover and superior financial performance (Yates, 2006).

This study looks at internal communication from the employee perspective, which is a recognised study niche within internal communication studies (Welch & Jackson, 2007; Ruck & Welch, 2011; Chen et al., 2006).

1.3. Employee commitment and engagement = commitment

Two of the key concepts of this study, employee commitment and engagement have been extensively studied earlier and based on reviewed literature are partially very similar concepts (e.g. Meyer et al., 2010; Hakanen et al., 2006; Llorens et al., 2006; and Saks, 2006; Albdour & Altarawneh, 2014).

Engagement has many different definitions and descriptions. In this study engagement is seen as a “passion for work” as described by Truss et al. (2006) and Fleming and Asplund (2007), and as attachment to the organisation, closely related to affective commitment according to Royal and Yoon (2009).

Commitment, then again, is defined in this study according to Meyer and Allen’s (1997) three-fold definition, as follows:

- 1. Affective commitment**

—> Affectively committed employees are in the organisation because they want to be there.

- 2. Continuance commitment**

—> Continuance commitment describes commitment due to high costs of leaving; the employees are therefore in the organisation because they need to be.

3. Normative commitment

—> Normative commitment describes a feeling of obligation to the organisation; the employees are there because they feel they ought to be (p.188).

1.4. Internal communication and employee commitment

Employee commitment and engagement have been linked to internal communication (e.g. Yates, 2006; Welch, 2011; Welch & Jackson, 2007). However, despite the similarity of the concepts of commitment and engagement, the majority of research has concentrated on the links between employee engagement to internal communication. There is a clear research gap to study the relationship between internal communication and employee commitment in more detail.

1.5. The start-up environment

Start-ups have been in the media limelight actively in the past few years and especially during the “start-up explosion” at the end of 2013 (The Economist, March 2014). Start-ups have also been recognised as the most important job creator in economical hardships especially (Harvard Business Review, September 2012; Kane, 2010), which is why a concentration on start-ups is of importance.

To look at internal communication and employee commitment in the environment of start-ups separately is important as start-ups have a set of characteristics separating them from other organisations (Saini & Plowman, 2007). As a summary, start-ups are usually marked with low or inexistent organisational structure, an ability to grow fast and have a “start-up state of mind” (Robehmed & Colao, 2013; Luger & Koo, 2005; Saini & Plowman, 2007). This means that the internal communication in start-ups can be described as unstructured, highly affected by the founder(s), transparent, open, dynamic, developing along the development of the company and is often faced with the challenge

of how to make sure the start-up team is able to process all the vast information (e.g. Lechner & Drumm, 2002; Rode & Vallaster, 2005; Mueller et al., 2012; Saini & Plowman, 2007).

Internal communication is extremely important for start-ups as employees need to know about regularly changing company goals, understand the values and vision of the company (Saini & Plowman, 2007). Through internal communication company operations, job performance and work behaviour can be affected (Hola, 2013).

Focusing on internal communication in start-ups is also an important study focus since it has already been recognised that a fundamental problem in many start-ups is the inability to define an internal communications department. This is crucial since sound internal communications networks facilitate the company to react to market dynamics more quickly (Saini & Plowman, 2007).

1.6. Study in the Field of IBC

The study niche in this thesis is the crosspoint of internal communication and employee commitment in the environment of start-up companies. As only a few earlier studies have touched upon the topic, e.g. Saini and Plowman (2007), the need for this study is obvious.

The recognised study niche also fits the requirements of placing this thesis in the field of International Business Communication as the importance of start-ups is not restricted in any set country but is an international phenomena and the start-ups to be studied in this thesis will not be selected according to any geographical restrictions.

1.7. Research objectives/questions

As stated before, this thesis studies internal communication and employee commitment in start-up companies and aims to find out whether there is a link and relationship

between the two concepts. To achieve this objective the following research questions are attempted to be answered:

- 1. How do start-up employees experience internal communication in the workplaces?**
- 2. How can the commitment of employees in start-up companies be characterised?**
- 3. Can the relationship between internal communication and employee commitment in the start-up environment be detected? If so, how are these two concepts related?**

1.8. Structure of the thesis

This thesis is divided into six main chapters of 1) introduction, 2) literature review, 3) methodology, 4) data & analysis, 5) findings & discussion and finally 6) conclusion. Each chapter introduces the content discussed in sections and subsections belonging to that particular chapter.

The aim of this structure is to provide a clear logic for reading this study.

2. REVIEW OF LITERATURE

This literature reviews justifies the importance and need to study internal communication and its effect to employee commitment in start-ups. First, it defines and justifies the importance of communication in organisations in general in sections 2.1.1. and 2.1.2. After this a closer look into the definition, importance and perspective of internal communication is taken in subsections 2.1.3., 2.1.4. and 2.1.5. Since the focus of this study is start-up companies, the second section, 2.2. focuses on communication and its importance in start-ups including subsections 2.2.1. defining start-ups, 2.2.2. justifying the importance of start-ups, 2.2.3. defining internal communication in start-ups and, finally, its importance in start-ups in subsection 2.2.4.

The third section of this literature review, 2.3. concentrates on employee engagement and commitment by defining the two concepts in subsections 2.3.1. and 2.3.2. and justifying their importance in subsection 2.3.3. The following subsection 2.3.4. discussed the overlaps of the two concepts. Section 2.4. explains the link between internal communication and employee commitment. Section 2.5. discusses the theories relating to enablement, which is another concept to consider in this study, and finally, section 2.6. concludes this literature review by presenting the theoretical framework used in this study.

2.1. Internal communication in organisations

Internal communication is a part of organisations' daily activities. However, this commonly known concept has been defined and explained by researchers quite differently. In this subsection the most essential previous studies concerning the definition, importance and perspective on studying internal communications, are presented and based on them the meaning of internal communication in this study is defined.

2.1.1. Internal communication defined

Despite many different definitions given to internal communication, a great portion of them are outdated or unsuitable to describe the internal communication of today (Welch & Jackson, 2007, p. 179). This is why an emphasis on the definitions found in more recent studies over older ones is taken in this thesis.

To start off, internal communication has been defined with a concentration on the scope of the concept. According to Welch and Jackson (2007) "Internal communication is the the strategic management of interactions and relationships between stakeholders at all levels within the organisations"(p.183). Very similarly to Welch and Jackson, Kalla (2006) defines internal communication, which she refers to as *integrated internal communication*, to include all formal and informal communication and taking place internally in all levels of an organisation. Kalla pinpoints this definition to be a definition wide enough for studying the internal communication of an MNC. (p.52-53)

Frank and Brownell's (1989) definition of internal communication concentrated on what is happening between parties involved in the communication. According to them, internal communication can be defined as the transactions between individuals and groups at various levels and in different areas of specialisation. These transactions are aimed to design and redesign organisations and coordinate day-to-day activities.

A very practical definition for the concept is given by Daft and Weick (1984). According to them, internal communication is a complex, interpretative process through which employees coordinate the essential work processes for the functioning of any organisation.

Cornelissen (2004) concentrates on the methods used in internal communication by stating that internal communication is “all methods (internal newsletter, intranet) used by a firm to communicate with its employees” (p. 189).

The definition largely referred to in this study is the one by Welch and Jackson (2012). She defines internal communication with an internal communication matrix, where she explains internal communication to form from four dimensions: 1) internal line management communication, 2) internal team peer communication, 3) internal corporate communication and 4) internal project peer communication (p. 247). The four dimensions are further explained in the illustration 1, as according to the original Internal communication matrix table (p.185).

Dimension	Level	Direction	Participants	Content
1. Internal line management communication	Line managers / supervisors	Predominantly two-way	Line managers – employees	Employees' roles Personal impact, e.g. appraisal discussions, team briefings
2. Internal team peer communication	Team colleagues	Two-way	Employee – employee	Team information, e.g. team task discussion
3. Internal project peer communication	Project group colleagues	Two-way	Employee – employee	Project information, e.g. project issues
4. Internal corporate communication	Strategic managers / top management	Predominantly one-way	Strategic managers – all employees	Organisational / corporate issues, e.g. goals, objectives, new developments, activities and achievements

Illustration 1: Internal communication matrix, a copy of the original table by Welch & Jackson (2012, p.185).

This matrix for internal communication explains the broadness of the concept – internal communication touches upon all the different dimensions, levels and participants in a company and it can be either one- or two-way and contain different types of content. Welch (2012) defines internal communication as a constantly happening process within organisations, including both informal chat on the “grapevine” as well as managed communication (p. 178).

Slightly aside from Welch, Quirke (2000) talks about internal communication more from the business process perspective and links it strongly to people and the value of them in an organisation. In the information age, knowledge and all interrelationships of people within an organisation form the assets of a company. Internal communication is a

core process helping companies to create value from information combined with the creative and intellectual assets of people within that company (p. 21).

Keeping it simple, Verčič et al. (2012) bring about the definition for internal communication given by the respondents of their Delphi study. According to the respondents, internal communication is defined as all the forms of communication within the organisation. The respondents further explained internal communication to include the exchange of information among employees or members of an organisation to create understanding (p. 225).

A challenge with this many the definitions for internal communication for my study is the size of a company they indirectly or directly refer to. Kalla (2006) directly refers to an MNC and the internal communication matrix by Welch (2012) also relates to internal communication in a company of a certain size.

To summarise, as my study is concentrated on internal communication in start-up companies, with usually a small number of employees (3–10) and very often a very low organisational hierarchy, a definition for internal communication unrelated to the size of the company is needed. Therefore the definition for internal communication referred to in this study is a combination of the ones earlier defined in literature and reads as follows:

“Internal communication is all the formal and strategic as well as informal and casual communication within a company including all directions of communication – vertical and horizontal.”

2.1.2. The Importance of Internal Communication

In the previous subsection the concept internal communication was defined. This subsection justifies its importance, which has been extensively studied.

Already in 1997 Tourish stated improved internal communication to bring large scale organisational benefits (p. 109). In line with this, a few years later, Harshman & Harshman (1999), saw communication within organisations to be a key factor in influencing how well organisations perform.

The importance of internal communication is extensively supported by Louhiala-Salminen and Kankaanranta in 2012. The authors provide strong support for the importance of the concept by referring to its significance for the wellbeing of employees and consequently, for the performance of the organisation, which have been recognised by several researchers e.g. Morley, Shockley-Zalabak & Cesaria, 2002; Rodenfeld, Richman & May, 2004; Welch & Jackson, 2007; and Welch 2011. Louhiala-Salminen and Kankaanranta also emphasise the importance of internal communication due to its essential part in the effectiveness of an organisation through knowledge sharing, and the competitive edge strategic internal communication enables through employee satisfaction and productivity, as well as through the positive contributions well-informed employees can make to a company's external public relations efforts (p.262).

According to Verčič et al. (2012) the importance of internal communication is evident, as it is among the fastest growing specialisations in public relations and communications management and has emerged as a critical function for organisations and thereby earns recognition as a specialty in itself. This recognition has resulted in many initiatives aimed at understanding and analysing the field and advocating it as an independent study area. (p. 223)

One of these initiatives is the Institute of Internal Communication in the UK, set up in 2010. According to this institute's website (<http://www.ioic.org.uk/>) internal communication is important because it is an enabling function making an organisation work. Internal communication can be described as the oil helping to smoothen the running of an organisation or as a bridge linking together people and functions. The

institution states good internal communication to create an understanding and helping in knowledge sharing. Without excellent internal communication, companies become inefficient or stop altogether. The institute refers to research results by stating that there now is “a proven link between highly effective organisations and good internal communication”. The institute further states this link to continue between communication, engagement and organisational success (<http://www.ioic.org.uk/about/why-is-ic-important.html>).

The importance of internal communication is highlighted also by Ruck and Welch (2011), who write that the importance of internal communication has long been recognised and effective internal communication is actually a prerequisite for organisational success (p. 294). Relating strongly to Ruck and Welch’s view, Watson Wyatt Worldwide studies in 2003 and 2005, discussed by Yates (2006, p.71), showed that companies excelling in internal communication also reach a higher market premium, higher shareholder returns over five years, higher levels of employee engagement and a lower employee turnover than companies with a less effective internal communication – effective internal communication was shown to enhance business performance. The Watson Wyatt Worldwide studies also proved that a company can share information with its employees in ways that have a positive impact on the financial performance of the company (in Yates 2006, p.79). The benefits of effective communication were illustrated as follows:

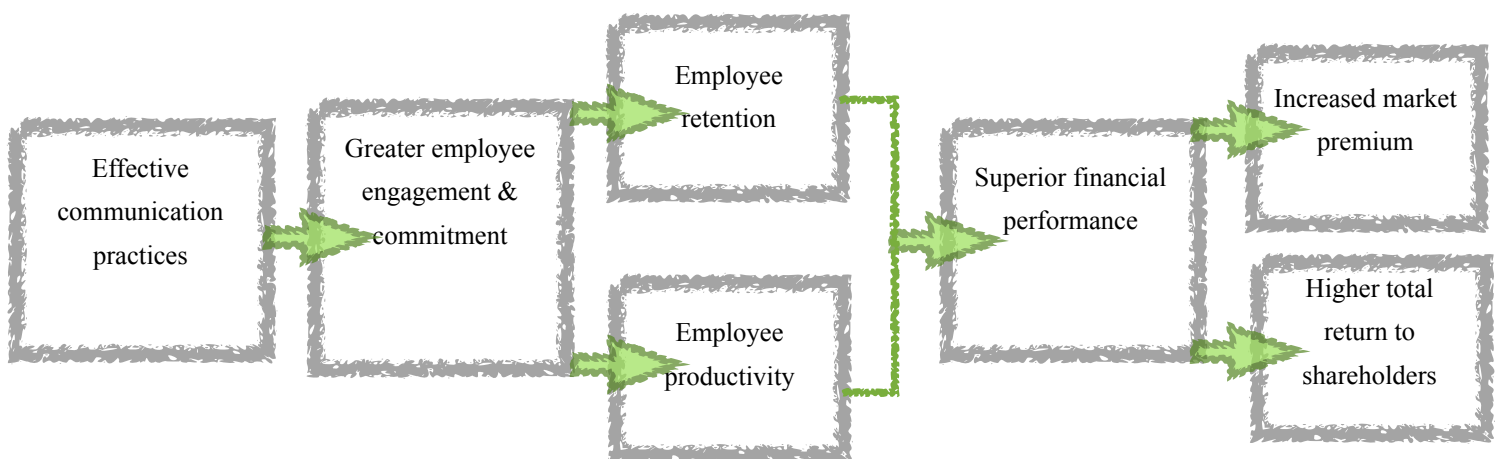


Illustration 2: Communication Effectiveness Drives Superior Financial Performance, a copy of the original illustration by Yates (2006, p. 72).

Yates (2006) herself describes internal communication as a “secret weapon” with the ability to deliver impressive financial and organisational gains (p.71).

Relating internal communication to the success of a company is a theme brought up in earlier research a lot. Robson and Tourish (2005) base the importance of internal communication on the fact that it helps in improving the likelihood of an organisation being successful. This is justified with a study by Clampitt and Downs (1993), who found that quality communication brings benefits in the forms of improved productivity, a decrease in absenteeism, higher levels of innovation, a decrease in the number of strikes, higher quality of services and products as well as a reduction in costs (p. 213).

Describing the importance of internal communication from a slightly different perspective, Dolphin (2005) links internal communication to the prestige of an organisation and combines it strongly to employees by writing that when successful, communication with colleagues may help to motivate employees and give them a sense of pride in an organisation and thereby enhance the prestige of the organisation itself (p. 171). Dolphin also refers to statements by Grunig (1992) and Young & Post (1993), who said internal communication to be a catalyst to organisational excellence and effectiveness and that it should be continuous (p. 173).

A more finance-oriented view on the matter is taken by Sprague & Brocco (2002), who base the importance of internal communication by writing about its ROI (return on investment). According to the authors internal communications can both boost the revenue of an organisation and reduce fixed or variable costs. This is justified by explaining how internal communication can minimise waste, create a better ratio between the cost of workers and the value of the work they produce, in addition to reduced liability (p. 36–37).

Another way of highlighting the importance of internal communication in previous literature is to think about what happens if it is not efficient. This was brought up by

Welch & Jackson (2007, p. 178) who state poor internal communication to be a major concern for organisations since it results in workplace inefficiency (*Profile*, 2006, p.4).

Importance of internal communication has also been related to the degree of identification employees feel with their organisation together with their attitude to supporting the organisation (Smids et al., 2001, p. 1052), to the culture within an organisation (Welch & Jackson, 2007, p. 192), and to change management (Kitchen & Daly, 2002, p. 46).

To summarise, based on the literature discussed here it is justified to state that internal communication is an important factor in organisations. It has been shown to directly effect the bottom line results, effectiveness of change management, corporate culture, organisational effectiveness and productivity, as well as the overall performance of an organisation (Sprague & Brocco 2002; Kitchen & Daly 2002; Welch & Jackson 2007, Verčič et al. 2012; Robson & Tourish 2007; Dolphin 2005) . Several researchers have also recognised internal communication as an important and independent research area that ought to be studied further (Verčič et al. 2012, Ruck & Welch 2011, Yates 2006).

2.1.3. Employee Perspective

As shown in the previous subsection, internal communication has been studied extensively and its importance has been justified from many different viewpoints. However, earlier studies have identified an area within internal communication that needs further research – namely internal communication from the employees’ perspective (e.g. Welch & Jackson, 2007; Uusi-Rauva & Nurkka, 2010). This subsection looks into internal communication from the employees’ perspective and aims to justify its importance and why this perspective is also used in this thesis.

Research into employee preferences for channel and content of internal corporate communication is required according to Welch and Jackson (2007). It is important in

order to be able to meet the needs of employees' (p. 187). Welch (2012) continues from this by explaining the employee perspective and recognising the needs of employees to be vital because for internal communication to be beneficial, appropriate messages have to reach employees in formats that the employees themselves find useful and acceptable. She further emphasises the importance of meeting the employees' needs by stating that if the needs are not met, the communication process could inadvertently damage internal relationships (p. 246).

The focus on employee perspective and employee needs has been recognised as a research gap also by Ruck and Welch (2011) and Chen, Silverthorne and Hung (2006). According to them only minimal attention has been given to find out what employees would like their organisations to communicate (Ruck & Welch, 2011, p.295) and the member satisfaction with organisational communication has been ignored and needs to be looked into (Chen et al., 2006, p.242).

Dolphin (2005) justifies the importance of employee perspective by linking it to the importance of employees per se. Colleagues are an essential resource for an organisation and can even be considered as ambassadors for it. This is why no other organisational relationships are as important as those with employees. To be effective, organisations must ensure that a communication culture pervades the whole organisation (p. 171). These points are backed up by earlier research from Cutlip, Center and Broom (1985) and Asif and Sergeant (2000), for example. Unzicker, Clow and Babakus (2000) share the notion as well. According to the authors, the better employees perceive communications practices to be, the better the image that they will have of their organisation.

Looking further back in earlier research, already decades ago Mara (1982) identified the importance of surveying employees in internal communication issues because well-informed employees, who participate in and feel a part of an organisation, have shown to have considerably more positive attitudes toward their work (p.25).

This relevance of employee perspective is also a current topic in research. Earlier this year, Mazzei (2014) concluded that an organisation's internal communication department should identify the specific strategic communicative actions that are desirable in a specific organisation, and for certain groups of employees and managers who all have different professional attitudes as well as personal motivations (p. 92).

A set of other recent studies from employee perspective and its importance is introduced by Welch (2012). White et al. (2010), for example, found out that employees have a variety of preferences for internal communication sources depending on the type of the communication. Friedl and Verčič (2011) discovered that Generation Y employees prefer traditional internal media despite a strong preference for social media in their free time. Kelleher (2011) concluded that employees prefer different kinds of internal communication with different work roles; managers favouring face-to-face communication, and technicians written communication. Woodall's (2006) results were similar suggesting that employees prefer different media for different kinds of information.

To summarise, with only a handful of studies researching internal communication from the employees' perspective the gap in research still exists and further studies in the field are needed. My study niche tackles both this gap in academic research as well as the field of internal communication in start-ups, which is discussed in the next section of this literature review.

2.2. Internal communication in start-ups

Start-up companies have their own set of characteristics, which affect the internal communication in them. To be able to discuss the internal communication, this section begins with a subsection 2.2.1., where the concept of start-ups is discussed followed by subsection 2.2.2. providing justification for the importance of start-ups. After this, in

subsection 2.2.3. focus on the internal communication in start-ups is taken and finally, section 2.2.4. justifies the importance of internal communication in the start-up environment.

2.2.1. Start-ups defined

This subsection defines one of the keywords in this study, a start-up. Despite the popularity and vast amount of start-up mentions, it proved to be impossible to find just one definition for the concept. This section first introduces a set of definitions found in research and then defines the term specifically for the purposes of this study.

A very basic definition for a start-up is to refer to it as a raw company without any organisational structure and one that is acting legally and economically in the market for a short time (Timmons, 1999; Schmeisser et. al, 2001).

Eric Ries, the writer of the recently popular *The Lean Startup* book, offers a definition concentrating more on the mission of a start-up. Ries states a start-up to be a “... human institution designed to create a new product or service under conditions of extreme uncertainty” (p. 27).

Robehmed and Colao (2013) recognised the difficulty of defining the start-up concept and tackled the problem by asking several entrepreneurs to define the word. Based on the answers of entrepreneurs, a start-up can be defined as a company that tries to solve a problem without an obvious solution, which means that the success of the company is in no way guaranteed. Another viewpoint in the definitions given by entrepreneurs was to see a start-up more as a state of mind than as something strictly defined. People with this “start-up state of mind” join a company by making an explicit decision to forgo stability in exchange for a promise of extensive growth and with share the excitement of making an immediate impact (p.37). This notion of a start-up being a state of mind was emphasised by the Evernote EMEA Director Cristina Riesen, when she attended the At

the Solita Frontline Summit 2014 in Helsinki during March 2014. According to her, Evernote is a 100 year start-up, which is 5% complete by now.

Another method to define a start-up that Robehmed & Colao (2013) utilise is to take a look at different dictionaries. According to Merriam Webster, the online dictionary and thesaurus, a start-up is “the act of setting in operation or motion” or “a fledgling business enterprise”(p.37). Likewise, the American Heritage Dictionary bases its definition for a start-up to its recent start by stating it to be “a business that has recently begun operation”(p.37).

In addition to the uncertainty, recent start and the state of mind, Robehmed and Colao (2013) introduce one more theme for start-up definitions, namely growing – a start-up is a company with the ability to grow. The key attribute of start-ups is their very quick scalability and focus on growth unconstrained by geography, which also differentiates them from small businesses (p.38).

Referring to different characteristics when defining a start-up, is a strategy that also Luger and Koo (2005) utilised. The authors stated the definition of a start-up to build on three facts: new, active and independent. They define a start-up as a business entity “which did not exist before during a given time period (new), which starts hiring at least one paid employee during the given time period (active), and which is neither a subsidiary nor a branch of an existing firm (independent)” (p. 19).

Perhaps the most extensive study relating to start-ups that this thesis relies upon, is the one by Saini and Plowman (2007). They agree the term start-up to lack a formal definition but in general the concept always refers to a small company in early stages of development that creates a product or service, often with a high-tech focus, or manufactures and/or markets a product or service (p.204). The authors further explain the definition of a start-up to be based on the characteristics of start-ups presented by numerous researchers earlier, e.g. Eisenberg and Goodall Jr., 1997; and MacVicar and

Throne, 1992. Start-ups have an exciting, equitable, and open work environment where personal gratification, recognition for ideas and opportunities to affect company profits and gain stock options, are huge (p. 213).

Based on their own study results, Saini and Plowman (2007) list a set of characteristics defining a start-up. According to Saini and Plowman (2007), in a start-up:

- The initial organisational structure is flat and unorganised, lacking hierarchy and with fluid and undefined roles and tasks.
- The culture reflects a participatory, collaborative, familiar, and close-knit atmosphere, forming a dynamic, fun-filled, informal and energetic and excited work environment.
- It is cultural to work long hours, multitask, be flexible and have highly adaptive employees.
- Employees can be described as young, intelligent, aggressive, friendly, energetic and enthusiastic individuals with a “do whatever it takes to get a job done” attitude.
- Employees share a mutual respect and admiration for one another that usually spans the employee base.

(p. 219).

To summarise, based on earlier research it is clear that there is no one definition for a start-up. What can be seen as the core of all the definitions, however, is a set of characteristics often present in start-ups: low or inexistent organisational structure, ability to grow fast, a fairly new company at age and an open work environment. The term start-up has also been described as a state of mind. With these characteristics and descriptions in mind, however, whether or not employees themselves would label their company as a start-up, is the extent of a definition for start-up relevant for the purposes this study.

2.2.2. The importance of start-ups

Start-ups have been a popular topic in the media during the past few years.

After defining a start-up in the previous subsection, this subsection discusses the importance of start-ups and hence justifies the focus of this study.

What makes start-ups important is the influence they have on economies. According to

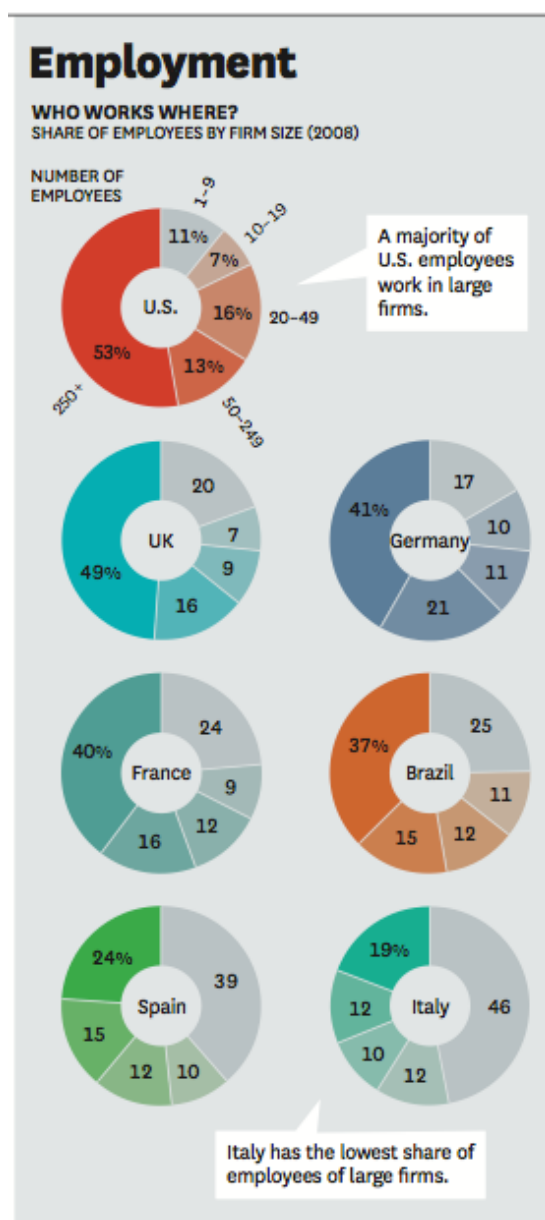


Illustration 3: Employment per firm size (2008), Harvard Business Review, September 2012.

the Economist (February 2013) alone in Finland the impacts of start-ups on the economy have been tremendous (p.10). In February 2013 there were namely 300 start-ups founded by former Nokia employees only.

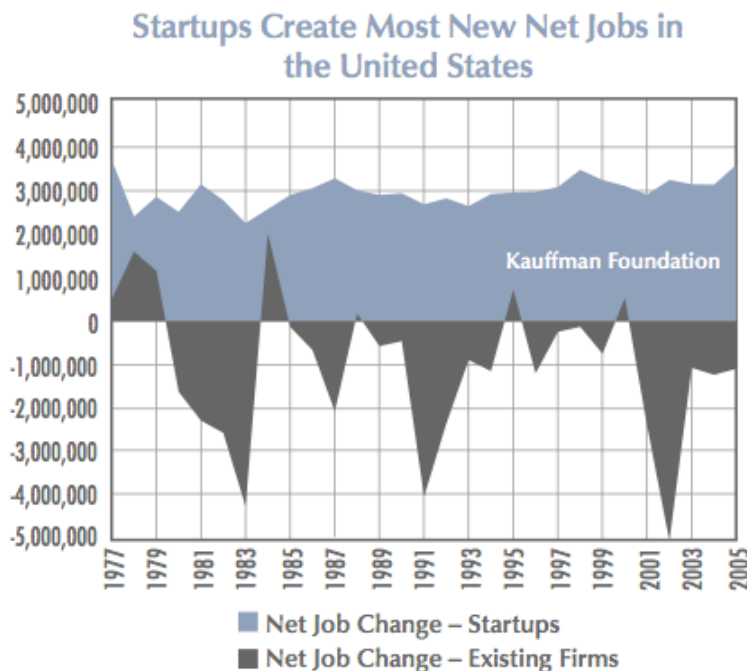
A Harvard Business Review article from September 2012 supports the vitality of start-ups to economies by stating that new businesses and the jobs created by start-ups are more important than ever. The article also looks back on previous years and recessions when, like it seems now as well, hard times sparked innovation. IBM, Disney, Microsoft and Apple were all started during a recession. The article states that “increasing the number of start-ups will be key to a global labour recovery”(p.30). The shift in employment can already be seen in the 2012 statistics presented in the article, see illustration 3, as the percentage of people working for

smaller companies with less than 250 employees, including start-ups, is over 50% in all the other countries in the statistic except the USA.

The importance of start-ups for the economy is also recognised by Yannis Palaiologos in Time Magazine (March 2014). The article on time.com tells the success story of one Greek start-up, Workable, which shows the way for other start-ups in Greece after a funding round of \$1.5 million. The author states that “Greece's economy is still very troubled; however, the ingredients are there for a startup that may turn out to be a world beater, and venture capitalists are taking notice.”(p.2). This article proves that even in the most difficult economic downturns, such as the one Greece is suffering from, start-ups are seen as something very important, potentially effecting the development of the whole economy to a better direction.

According to the Economist (March 2014), during the start-up explosion, at the end of 2013 there were almost 140 000 start-ups in the world of which more than 50% were based outside the United States of America, according to a World Startup Report consultancy. These facts justify the international importance of start-ups.

According to Kane (2010) a dataset from the U.S. government (Business Dynamics Statistics) states that “startups aren’t everything when it comes to job growth. They’re the only thing.” (p.2).



Source: Business Dynamics Statistics, Tim Kane

Naturally, start-up companies also die and cause job loss, but according to statistics start-up companies create the most new net jobs in the USA with data reaching back to 1977, see illustration 4 on the left.

Illustration 4: The amount of new net jobs in the United States. Source: Kauffman Foundation Research Series: Firm Formation and Economic Growth

2.2.3. Internal communication in start-ups defined

As organisations and start-ups are largely different, it is of interest to look into the possible special characteristics of internal communication in start-ups as well. This subsection looks into start-up specific characteristics of internal communication and gives a definition to internal communication in this particular environment.

When discussing internal communication in start-ups, Rode & Vallaster (2005) define the term as the way in which the founders of the company help their employees to accomplish both individual and organisational goals (p. 123). In addition to this, according to Ivancevich and Matteson, 1999, the founders also show the way of how to respond to organisational change, coordinate organisational activities and engage in virtually all organisational relevant behaviours (p. 476).

What characterises the internal communication in a start-up and is an unstructured communication infrastructure, a small business network and a strong personal influence of the founder himself (Lechner, 2000 & Drumm, 2002).

Another characteristic for internal communication in start-ups is the how the information moves within the company. Based on the study results of Rode and Vallaster (2005) the flow of information in start-ups is fairly informal and supported by technical devices such as e-mail and public calendars. What proved to be a start-up specific challenge was the degree and method of information sharing internally (p. 128). The study results also recognised transparency and openness to be important factors of internal communication in start-ups as they were seen to be crucial in maintaining employee motivation (p.129).

Mueller, Volery, and von Siemens (2012) see internal communication in start-ups as unstructured and mostly face-to-face, with few rules and regulations as well. Additionally, internal communication is seen to be heavily affected by the entrepreneurs who take central stage and make decisions quickly and informally (p.999).

Relating to the characteristics of start-ups per se, another characteristic of internal communication in start-ups is how it needs to be able to grow and develop with the company. Rode and Vallaster (2005) refer to this by stating that in case of growth the rules for communication and a structured information exchange are needed (p.132). As the start-up moves forward, the internal communication has to do so too.

The dynamic nature of internal communication in start-ups is also referred to by Saini and Plowman (2007) who argue that the dynamism enjoyed by start-ups is not visible in larger companies, which differentiates internal communication in start-ups from the one in larger companies (p.204). With the dynamics Saini and Plowman (2007) refer to the different stages of start-ups recognised by e.g. Burns and Stalker (1961) and Pfeffer (1982). In the beginning of their journey, start-ups communicate freely in all directions,

vertically, horizontally and across the organisation. Start-ups provide their employees with a comfortable environment for discussion with managers where differences in opinions are encouraged (Dozier, Grunig, and Grunig, 1995; Grunig, 1992). When the start-up reaches its growth stage, more formal communication replaces the earlier spontaneous methods of communication (Saini & Plowman, 2007, p.206).

In addition to growth and development stages, start-ups also have a set of challenges to prepare for and these affect the internal communication as well (Saini & Plowman, 2007). Although, start-ups can respond more quickly and with greater flexibility to changing market demands than bigger companies due to their team-based organisation (Eisenberg & Goodall Jr., 1997; MacVicar & Throng, 1992; Oden, 1997), start-ups need to be able to achieve more in less time and with more limited resources than larger companies, which translates into a need for ongoing asking, learning and follow-up internally (Goldsmith, 1996 in Saini & Plowman, 2007). This explains the core challenge of internal communication in start-ups, which is not the volume of information, but how the organisation is able to process all of it (Grunig, 1992). According to Saini and Plowman (2007) these problems in information-handling grow with the company (p.207).

Internal communication is a significant part of the every day life of start-ups. According to a study by Mueller et al. (2012), 64% of the working time of start-up entrepreneurs is spent on communication activities and of this communication altogether 29% was spent communicating with individuals inside the organisation. These percentages grow even bigger as a start-up company moves from its first stage to the second one of growth. At that point, the percentages are 78% and 56% respectively, meaning the bigger the start-up grows, the more time is allocated to internal communication.

To summarise, based on previous research on the subject of internal communication in start-up companies the term in this particular environment can be defined as follows:

“Internal communication in start-ups is usually unstructured, face-to-face and informal, following hardly any hierarchical rules or regulations. It takes up a significant percentage of the working time of entrepreneurs and evolves as the company grows. The biggest challenge for internal communication in start-ups is to ensure the ability of the start-up team to process the vast amount of vital internal information.”

2.2.4. The importance of internal communication in start-ups

After defining internal communication in the start-up environment in the previous subsection, this subsection looks into the importance of internal communication in that same environment providing justification for the study niche of this thesis.

As stated in the previous subsection, start-ups encounter a set of challenges related to their small size and the large amount of information that needs to be communicated throughout the organisation. Saini and Plowman (2007) see internal communication as a vital element in making sure employees know about regularly changing company goals and in ensuring the employees get performance feedback on a regular basis. The recognition of a job well done either through informal or formal communication is essential, as job satisfaction and commitment to work are strengthened through positive feedback (Larson 1989 in Saini & Plowman 2007, p. 214).

Another reason why internal communication in start-ups is important according to Saini and Plowman (2007) is because the values and vision of the company need to be communicated to the employees. This is vital because when employees share the philosophy of the company, they show greater flexibility. Communication of values and vision internally also facilitates quick decision making and delegation of responsibilities, as well as assists the employees to make well-informed decisions in their day-to-day work based on the studies by e.g. MacVicar & Throne, 1992; Dozier,

Grunig, & Grunig, 1995; Blanchard, 1996, discussed in Saini and Plowman (2007, p. 211).

This link between internal communication and the company vision is highlighted by Saini and Plowman (2007) again as the authors refer to Schein (1996), who wrote that alone a clear vision is not enough, but leaders must clearly communicate it to their employees at every growth stage of the company (p.208).

According to Hola (2013) internal communication is important in start-ups also because it has significant influences on company operations, job performance, work behaviour as well as on the attitudes of employees, as was found in a study concentrating on SMEs, similar to start-ups in many areas (p.43).

When discussing the importance of internal communication in start-ups, a look into the consequences of failed or lacking internal communication was found to be relevant.

In their study, Saini and Plowman (2007) recognised the inability to define an internal communications department in the company as the fundamental problem in many start-ups. Majority of start-up leaders fail to see the profound influence of communication patterns on growing start-ups. Leaders are advised to consider internal communications already when founding the company and to have specific individuals responsible and focused on internal communication. It is also recommended that the leaders identify a proper home for a communications department and create a solid communications system, which will flourish as the company grows and make sure information continues to flow smoothly to all directions. This is essential since “sound internal communications networks help the company react faster to market dynamics” (p. 224 – 225).

To summarise, based on the literature discussed in this subsection it is justified to state that internal communication is important also for start-up companies, after already stating its importance for organisations in general in the earlier subsection 2.1.2. In

start-ups internal communication has been shown to effect the flexibility, job satisfaction and well-informed decision-making of employees as well as the company's ability to make quick decisions and delegate correctly (Saini & Plowman, 2007; Larson, 1989; MacVicar & Throne, 1992; Dozier, Grunig, & Grunig, 1995; Blanchard, 1996). Moreover, the failure or lack of internal communication in start-ups has shown to not only be a fundamental problem for many start-ups but to also influence the success of the company. Due to this, research recommends start-up leaders to set up internal communication departments and have a person responsible for internal communication from the beginning on (Saini & Plowman, 2007; Rode & Vallaster 2005).

2.3. Engagement & Commitment

Two essential concepts in this study are employee engagement and commitment. This first defines the two concepts in subsections 2.3.1 and 2.3.2 and then discusses the importance of them in subsections 2.3.3 and 2.3.4. Subsection 2.3.5 explains how commitment is being measured in my study.

Towards the end of this section a look into the link between commitment and engagement and internal communication in subsection 2.3.6 is taken and then finally a look into how this has been studied in the field of start-ups previously is taken in subsection 2.3.7.

2.3.1. Engagement defined

Welch (2011) identified employee engagement to have many definitions, which is why this subsection introduces a wide selection of definitions for the concept.

In many of the definitions, engagement is related to a state of mind, to a psychological state, a passion for work and is characterised by vigour and dedication (e.g. Schaufeli & Bakker, 2004; Robinson et al., 2004; Welch, 2011; Truss et al., 2006).

This passion is again mentioned by Fleming and Asplund (2007) who define engagement as “the ability to capture the heads, hearts, and souls of your employees to instil an intrinsic desire and passion for excellence”(p.2).

The many and varying definitions for engagement were discussed by Saks (2006) who concluded with a definition for engagement as a unique concept that includes cognitive, emotional and behavioural components, which relate to individual role performances (p. 602).

Harley, Lee and Robinson (2005) took another approach to the definition by listing the characteristics of an engaged employee. According to the authors, an engaged employee: is positive about the job; believes in, and identifies with, the organisation; works actively to make things better; treats others with respect and helps colleagues to perform more effectively; can be relied upon and goes beyond the requirements of the job; acts with the bigger picture in mind, even sometimes at personal cost; keeps up-to-date with developments in his/her field; and looks for, and is given opportunities to improve organisational performance (p. 24).

Royal and Yoon (2009) link engagement is strongly to commitment. They describe an engaged employee as someone who can be expected to show high levels of attachment to an organisation, which is similar to affective commitment, and who has a strong desire to remain a part of the organisation, which they relate to continuance commitment. Additionally, the authors describe engaged employees to be more likely to work more than officially required and to put in extra effort in order to deliver outstanding performance (p. 14).

To summarise, as can be seen, engagement has many different definitions and descriptions, sometimes overlapping with commitment. In this study engagement is seen as “passion for work” and as attachment to the organisation.

2.3.2. Commitment defined

Similar to engagement, also commitment has been described and defined in many different ways by several researchers earlier. De Ridder (2004), for example, describes it as a positive attitude among employees and defines it as individual identification and involvement with an organisation.

Allen and Meyer (1991) see organisational commitment, which is a common term used in research to refer to commitment, as “a psychological state that (a) characterises the employee’s relationship with the organisation, and (b) has implications for the decision to continue or discontinue membership in the organisation”(p.67). Thus, in general terms a “committed” employee is therefore more likely to stay in an organisation than an “uncommitted” one (Meyer & Allen, 1997). Again, these definitions share similarities with the ones concerning engagement in the previous subsection.

Albdour and Altarawneh (2014) describe commitment as a strong belief in an organisation, which includes accepting the goals and values of the organisation and a willingness to exert considerable effort for the organisation. Commitment refers to a strong desire to remain in the organisation (p. 194).

Meyer and Herscovitch (2001) aimed to develop a general model for workplace commitment and defined commitment as a force binding an individual to a course of action in relevance to a target, and stated that commitment can be accompanied by different mind-sets playing a role in shaping one’s behaviour (p. 299).

Meyer, Allen and Smith (1993) challenge the idea of only one definition for commitment and identified commitment to have different forms. According to the authors, not all of these forms of commitment are good for the organisation since they have differing correlations to the company’s profit, for example. For this reason they encourage companies to carefully consider the form of commitment they instil (p. 539).

Bragg (2002) supports this notion of different types of commitment by identifying four different types: 1) want to, 2) have to, 3) ought to, and 4) uncommitted.

A key definition taking into consideration the different forms of commitment is the one by Meyer and Allen (1991). They broadened the definition of commitment to always reflect a set of three general themes, namely 1) affective attachment to the organisation, 2) perceived costs linked with leaving the organisation, and 3) obligation to remain in the organisation (p.64).

Based on this definition of commitment three types of commitment were identified. This three-fold definition is referred to as the Three-Component Model and the three types of commitment in it are as follows:

1. Affective commitment

—> Affectively committed employees are in the organisation because they want to be there.

2. Continuance commitment

—> Continuance commitment describes commitment due to high costs of leaving; the employees are therefore in the organisation because they need to be.

3. Normative commitment

—> Normative commitment describes a feeling of obligation to the organisation; the employees are in the organisation because they feel they ought to be

(Meyer & Allen (1997)).

An important note to these three “types” of commitment is to remember that an employees relationship with an organisation might reflect a varying degree of all three.

The types are therefore to be considered as “components” of commitment. An employee can have a strong attachment to an organisation but still feel a strong obligation to stay working for it, or an employee can enjoy working in an organisation but also recognise that leaving that organisation would be extremely difficult. Moreover, when analysing these different components of commitment it is important to understand the different consequences each of them have. All three have been linked with a decreased intention to leave an organisation, but effects on other work-related behaviour are largely different, which is explained by the differences in the psychological nature of each component of commitment (Meyer & Allen 1997).

To summarise, in this study the Three-Component model of commitment by Meyer & Allen (1991) will be referred to when discussing commitment since it takes into consideration the different aspects of commitment and also provides a framework for analysing and measuring it, which is briefly introduced next.

Measuring commitment

To measure the commitment of start-up company employees in this study, the Three-Component model measurement of organisational commitment presented by Meyer and Allen (1991, pp. 11–13) is referred to. The three different types of commitment, affective, continuance and normative, were presented in the earlier subsection 2.3.1. This measuring method was chosen since it has been found psychologically sound (Meyer et al. 1993) and since it goes well together with the data of this study.

When measuring the commitment of start-up employees, the questionnaire base from Meyer and Allen’s TCM Employee Commitment Survey (2004) will be used as the starting point for creating the questionnaire and referred to when analysing the questionnaire data. The TMC Employee Commitment Survey will be presented and discussed in detail later in section 3.2.

2.3.3. The importance of commitment and engagement

Since the two concepts of engagement and commitment have been identified to partially relate to one another in the previous subsections and since both terms correlate with vital matters for an organisation, this subsection discussed the importance of the concepts together.

The importance of engagement was identified as a matter of concern for leaders globally since it is a vital element affecting innovation, competitiveness and organisational effectiveness by Welch (2011) who referred to survey results by the Corporate Communication International.

Employee engagement has also been linked strongly to organisational performance. It has been shown to have a significant positive relationship to a firm's financial performance (Albdour & Altarawneh, 2014 and Yates, 2006). A similar link has been recognised also between commitment and performance by Bragg (2002) who stated that "companies with committed employees do better than companies with uncommitted workers" (p. 14).

According to Saks (2006) when engaged, employees are more likely to have a high-quality relationship with their employer, which leads to employees having also more positive attitudes, intentions and behaviours (p. 613).

In 2004 Meyer and Allen wrote it to be commonly believed that the more committed employees are, the harder they will also work. Committed employees are also more likely to "go the extra mile" in order to achieve company goals. Additionally, research has repeatedly shown that commitment contributes to a reduction in employee turnover (see Tett & Meyer, 1993; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Similarly to these results, the three components of commitment introduced in the previous section, have been linked to, for example, reduced absenteeism at work (affective

commitment), increased likelihood to stay in an organisation (continuance commitment), increase in willingness to suggest improvements (affective commitment) and reduced work-related stress (affective commitment & normative commitment). Based on these and other links found in research, it can therefore be suggested that employees with strong affective commitment to an organisation are more valuable employees than those with weak commitment. Similar results were found with normative commitment. However, continuance commitment research suggests that employees with strong continuance commitment could in fact be poorer performers and less valuable employees as those with weak continuance commitment, hence studying the different types or components of commitment is important (Meyer & Allen, 1997).

To summarise, both engagement and commitment have been shown to have a strong and vital role in organisations relating to innovation, competitiveness, effectiveness, organisational performance, employer relationship quality, reduced absenteeism and employee turnover (Welch 2011, Albdour & Altarawneh 2014, Meyer & Allen 1997 and 2004, Saks 2006, Bragg 2002).

As these have not been labelled to apply only to organisations of a certain size or type, it is justified to state that engagement and commitment are also important for start-ups.

2.3.4. Overlap and correlation – engagement & commitment

This section explains why, in the remaining parts of this study the concept of commitment is focused on even though both engagement and commitment were discussed in the theory part extensively.

As discussed in the previous subsections 2.3.1. and 2.3.2. the definitions of engagement and commitment overlap and are very close to each other at times. It was also stated that in this study engagement is seen as a “passion for work” and as an attachment to an organisation, which has been identified to closely resemble affective commitment (Royal & Yoon, 2009).

Welch (2011) related the two terms together based on Meyer et al. 2010, who stated commitment to be associated with engagement (p.340).

The overlap and correlation of engagement and commitment was also recognised by Albdour and Altarawneh (2014) in their recent study. According to their study results, affective commitment can be predicted by job engagement, which supports previous study results from Hakanen et al., 2006; Llorens et al., 2006; and Saks, 2006, who identified work engagement as an important determinant of affective commitment. Furthermore, the study results by Albdour and Altarawneh (2014) suggest that “employees who reported higher levels of organisational commitment will also report greater affective commitment”(p. 207).

To summarise, based on the previous studies discussed in this subsection, it is justified to study the level and type of commitment of start-up employees and extend it back to theories linking together internal communication and engagement in addition to those concerning commitment only. This means that in the following parts of this study the two concepts of engagement and commitment are not always discussed separately, but with commitment the theories of both are referred to.

2.4. The Link: Internal Communication & Commitment

A strong link between internal communication and commitment has been discovered in previous studies. This section summarises those earlier studies and these links are further analysed in the context of start-ups in section 2.4.1.

The relation between internal communication and employee engagement is extensively explained by Yates (2006) when she discusses the results of the Watson Wyatt Worldwide study from 2005/2006. According to the study results when comparing high communication effectiveness companies with the ones with low communication effectiveness it is clear that the highly effective communicators were more than 4.5 times more likely to have highly engaged employees, which again positioned them for better financial results as engagement has a proven link to better financial results (p. 73).

Welch (2011) took the link of employee engagement and internal communication even further and formed a concept linking them together. In her study she explains how internal communication promotes engagement and a sense of belonging in employees. According to Welch “communication is one form of employee psychological needs which organisations have to meet to maintain and develop employee engagement”. The model explains how innovation, competitiveness and organisational effectiveness are outcomes of employee engagement promoted by effective internal communication (p. 340).

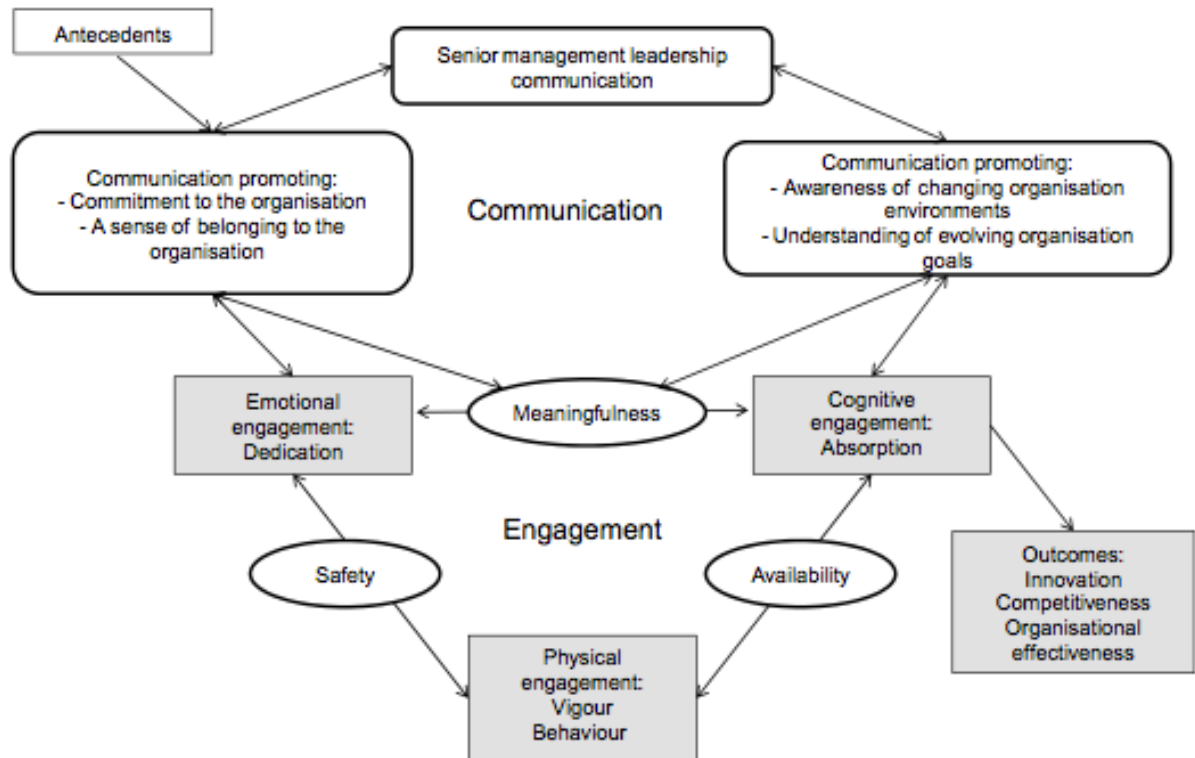


Illustration 5: The employee engagement concept and internal corporate communication: a conceptual model – by Welch (2011, p. 340).

Welch and Jackson (2007) support Welch (2011) by stating internal communication to affect the ability of organisations to engage their employees (p.177).

Despite the similarity of the concepts of engagement and commitment justified earlier, previous studies relating to internal communication do not often refer to commitment, but engagement instead.

Meyer and Allen (1997) wrote extensively about the antecedents for different commitment components (affective, continuance, and normative), but internal communication was not mentioned as one of them. The only reference given to

communication was related to how “the manner of communicating organisational policies” effects affective commitment.

To summarise, as it has been previously found (see subsection 2.3.4.), that the concepts commitment and engagement relate closely to each other, it can also be assumed that the links between internal communication and engagement apply, at least to some extent, with internal communication and commitment as well. As these links have not been extensively studied earlier in the environment of start-ups specifically, the need and niche for this study has also been established.

2.5. Enablement – an additional concept to consider

This section briefly introduces a concept of enablement. This concept was introduced during the qualitative pre-phase of this study in the interview of an internal communications professional. As this concept was recommended to be included in the theories of this study, it was added to the literature review part and theoretical framework of this study.

A look into previous studies on enablement was taken and the most essential ones are discussed in the following paragraphs.

Royal and Yoon (2009) write in their article about employee engagement and how it alone is not enough to achieve higher levels of individual and organisational performance. The authors criticise employee studies, which have looked into employee motivation (e.g. satisfaction, commitment, and engagement) but then fail to emphasise the importance of factors relating to the supportiveness of work environments, which they relate to enablement.

According to a Hay Group research presented by Royal and Yoon (2009), engaging employees is not sufficient to maintain the highest levels of performance over time –

leaders need to motivate their employees but also enable them to channel their extra efforts productively (p.16).

In addition to Royal and Yoon (2009), Agnew, Royal and Masson (2008) point out the gap in research between employee engagement and performance, where they see the potential Frustrated Employees. As Agnew et al. (2008) write despite the significant numbers of companies with high levels of employee engagement, the performance of the company is low. The authors refer to Frustrated Employees in these cases. These employees are engaged in the organisation but do not feel optimally productive in their work.

Employee enablement is further explained with a framework below.



Illustration 6: Hay Group's employee effectiveness framework.

The illustration explains that in order for employees to be effective, which leads to a stronger financial success, higher customer satisfaction and a greater employee performance, they need both engagement and enablement. As can be seen from the illustration, in this case commitment has been defined as a part of engagement.

To summarise, theories concerning enablement were only briefly discussed here as the concept will not be in a major role in this study. In practice, the concept will be referred to when planning the employee commitment questionnaire.

2.6 Theoretical framework

This section introduces the theoretical framework of this study, which is based on the literature reviewed earlier in this chapter. The main emphasis of the framework is in the concepts of Meyer & Allen (1991 & 1997), the employee engagement and internal corporate communication model presented by Welch (2011), the study results by Albdour & Altarawneh (2014) and the Watson Wyatt Worldwide 2003/2005 study results illustrated originally by Yates (2006). The theoretical framework for this study is described in illustration 7.

The main goal of the theoretical framework is to guide the research process and to help in linking the different theories together. With the theoretical framework an answer for the research problem of whether there is a link between internal communication and the commitment of employees in start-ups, is pursued. Before finding the answer for the research problem, answers for the three research questions are required:

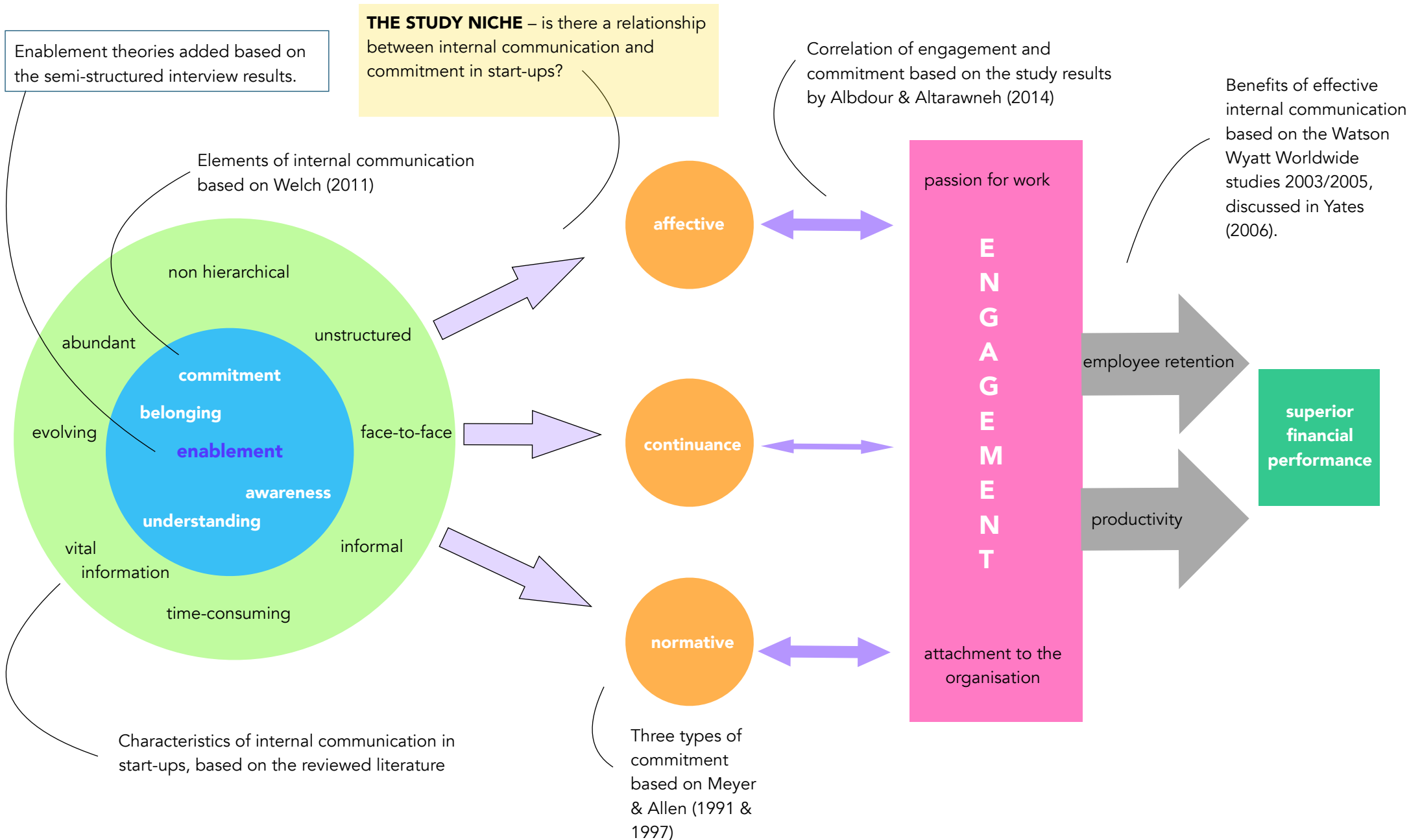
- 1. How do start-up employees perceive internal communication in their workplaces?**
- 2. How can the commitment of employees in start-up companies be characterised?**
- 3. Can the relationship between internal communication and employee commitment in the start-up environment be detected? If so, how are these two concepts related?**

INTERNAL COMMUNICATION

COMMITMENT

ENGAGEMENT

SUCCESS



The framework starts with a description of internal communication. In the outer rim of the circle, on the green area, features characterising internal communication in start-ups specifically act as a reminder of the definition of internal communication in this study. In the inner circle, the blue area, the elements of internal communication based on the conceptual model of employee engagement and internal communication by Welch (2011) are listed. Written with blue in the middle of the circle, enablement, is another concept which will be taken into consideration when studying the internal communication of start-ups. All of these elements will be used when designing the data collection through interviews and a questionnaire in this study.

Moving along to the next section of commitment, the three components of commitment by Meyer & Allen (1991) are listed. The commitment profiles of start-up employees will be discovered in the data collection part of this study. The arrows leading from the internal communication section to commitment reflect the niche of this study – is there a relationship between the two? If yes, how can this relationship be described.

Moving to the next section of engagement, the arrows between commitment and engagement describe the study results of Aldbour and Altarawneh (2014), according to which engagement is positively and significantly related to affective and normative commitment, but not significantly related to continuance commitment.

In the engagement section, the terms “passion for work” and “attachment to the organisation” refer to the definition of engagement in this study based on Truss et al. (2006), Fleming and Asplund (2007), and Royal and Yoon (2009).

The next section with employee retention and productivity leading to superior financial performance, describes the benefits of effective internal communication according to the Watson Wyatt Worldwide 2003/2005 study results discussed by Yates (2006). Effective internal communication was shown to create engaged employees, which then again, help the organisation to gain superior financial performance.

As a whole, this theoretical framework emphasises the importance of internal communication in start-up companies by illustrating how, through effective internal communication promoting commitment and belonging, and resulting in understanding and awareness, employees are committed and engaged, which leads to better productivity and longer-term employees. This brings the company superior financial results.

To summarise, this chapter has reviewed previous studies and literature significant for this thesis. The review discussed the areas of internal communication in organisations, the importance of internal communication, employee perspective of internal communication, start-up companies and their definition and importance, special characteristics and the importance of internal communication in start-ups, employee commitment and engagement, the link between internal communication and commitment and engagement, the overlaps of the two terms commitment and engagement, and finally, briefly the theories concerning enablement. Based on the review a theoretical framework linking together all the relevant theories for the purposes of this study was created.

3 METHODOLOGY

This chapter discusses and justifies the chosen methodology and methods for this study.

The first section of the chapter, 3.1. concentrates on defining a mixed method approach used in this study and defines the two elements of the methodology, qualitative and quantitative research in subsections 3.1.1. and 3.1.2. The second section, 3.2., discusses the data gathering methods and samples chosen for this study followed by section 3.3. explaining how the data was analysed.

3.1 Mixed Method Approach

Mixed method approach is the chosen study methodology for this thesis. The term is introduced and defined in this section.

“Mixed method design refers to the use of two (or more) research methods in a single study, when one (or more) of the methods is not complete in itself” (Morse & Niehaus, 2009, p. 9).

According to Amaratunga, Baldry, Sarshar and Newton (2002), the research community strongly suggests that research, both quantitative and qualitative, is best thought of as complementary and should hence be mixed in research of varying kinds. The authors further emphasise the importance of using a mixed method design by stating it to be justified because alone single methodology approaches, be it quantitative or qualitative only, have strengths and weaknesses. By combining the methodologies a focus on the strengths of both methods can be taken. The authors list the strengths and weaknesses of quantitative and qualitative approaches as follows:

Theme	Strengths	Weaknesses
Positivist (quantitative paradigm)	<p>They can provide wide coverage of the range of situations</p> <p>They can be fast and economical</p> <p>Where statistics are aggregated from large samples, they may be of considerable relevance to policy decisions</p>	<p>The methods used tend to be rather inflexible and artificial</p> <p>They are not very effective in understanding processes or the significance that people attach to actions</p> <p>They are not very helpful in generating theories</p> <p>Because they focus on what is, or what has been recently, they make it hard for policy makers to infer what changes and actions should take place in the future</p>
Phenomenological (qualitative paradigm)	<p>Data-gathering methods seen more as natural than artificial</p> <p>Ability to look at change processes over time</p> <p>Ability to understand people's meaning</p> <p>Ability to adjust to new issues and ideas as they emerge</p> <p>Contribute to theory generation</p>	<p>Data collection can be tedious and require more resources</p> <p>Analysis and interpretation of data may be more difficult</p> <p>Harder to control the pace, progress and end-points of research process</p> <p>Policy makers may give low credibility to results from qualitative approach</p>

Illustration 8: Comparison of strengths and weaknesses in quantitative and qualitative research approaches by Amaratunga et al. (2002, p.20).

As can be read from illustration 8, quantitative and qualitative methods have largely the opposite strengths and weaknesses. Therefore, the combination of the two, aims to minimise the weaknesses and emphasise the strengths, and offer a stronger, broader research method for this study.

Mixed method approach, also known as mixed method design, is also needed for this study due to the novelty of the subject and in order to get a thorough answer to the research problem. As described by Morse and Niehaus (2009), using a mixed method design makes a study more comprehensive or complete than using a single method would (p. 9). Mixed method design is also recommended when a researcher cannot

answer the study question using a single method (p.13). With novelty the scarcity internal communication in the field of star-ups is referred to.

This study consists of two data sets, a qualitative pre-phase with semi-structured interviews and a quantitative employee questionnaire. This is in line with mixed method approach, since the approach is explained to be beneficial when “the researcher wants to explore a question at the macro level as well as at the micro level” (as cited in Morse & Niehaus, 2009 p.13). In this study the macro level is studied when interviewing both a communications and a start-up professional and the micro level in turn, when the questionnaire for start-up employees is conducted.

Moreover, mixed method design is defined in detail as follows:

“A mixed method design is a scientifically rigorous research project, driven by the inductive or deductive theoretical drive, and comprised of a qualitative or quantitative core component with qualitative or quantitative supplementary component(s).”

(Morse & Niehaus, 2009, p. 14).

This definition refers to a “core component”, which is further explained to be the complete method used to address the research question. In this study this core component consists of the quantitative data received from the start-up employee questionnaire whereas the two interviews form the supplementary component, referred in this study as the pre-research, used to extend the investigation. A supplementary component is different from the core component because it could not stand on its own and is considered as complementary to the core component (Morse & Niehaus, 2009, p. 15).

Tashakkori and Teddlie support this definition of mixed methods research, by defining it as “...involving a research design that used multiple methods – more than one research

method or more than one worldview – in a research inquiry” (as cited in Venkatesh, Brown & Bala, 2013 p. 23).

In the mixed method design eight combinations have been identified. This study falls under the following type:

QUAN → qual

This design comprises:

- A quantitatively-driven core component
- A qualitative supplementary component

The core and supplementary components are conducted sequentially.

(Morse & Niehaus, 2009, p. 29)

The complementary qualitative section of a study is usually conducted after the core quantitative component (Morse & Niehaus, 2009 p.29) to provide extra reasoning. However, in this study the qualitative complementary component is conducted first in order to better understand how to conduct the core component of the study. This is also why the qualitative part is referred to as the pre-research of this study.

The quantitative core of this study is formed by the employee questionnaire, based largely on Likert scale questions, which will be discussed in more detail in section 3.2.

3.1.1. Qualitative Research – the pre-research phase

Qualitative research is to be used when desiring to know why and how things happen as they do – it aims at achieving a deeper understanding of a situation instead of providing the information about the occurrence or number or happenings. When conducting qualitative research, both the data collection and analysis are using qualitative methods. Often the data collection methods include focus groups, interviews, case studies, and observation, to name a few (Cooper & Schindler, 2008).

3.1.2. Quantitative Research

In contrast to qualitative research introduced above, quantitative research aims at answering the questions what and how often – the goal of quantitative research is to precisely measure something, e.g. attitudes, behaviour, or opinions. A dominant method for data collection in quantitative research is questionnaire, which was also the chosen method for quantitative research in this study (Cooper & Schindler, 2008).

3.2. Semi-structured interviews

This subsection defines the data gathering method of semi-structured interview used in the pre-research phase of this study.

To gain a deeper insight on the issues of internal communication, employee engagement and start-ups, two semi-structured interviews were conducted.

3.2.1. Definition – semi-structured interview

Semi-structured interviews follow a planned theme or a few specific questions prepared before the interview. Most qualitative research utilises either unstructured or semi-structured interviews in data collection as these two methods allow a more open dialog between the interviewer and participant, require more creativity from the interviewer, allow the interviewer to extract more and a greater variety of data from the interviewee and allow the interviewer to achieve more clear and elaborated answers (Moore & Schindler, 2008).

The two semi-structured interviews conducted in this study, were with two experts in the fields of internal communication and start-ups. See appendices I and II for the structure of these interviews.

3.2.2. Internal communications professional – Ellun Kanat communications agency

The interviewee was chosen to be interviewed in order to better understand the ways of studying internal communication in companies and to hear about the interviewee's experiences on internal communication and its problems in both start-ups and companies in general. The aim of the interview was to achieve a better understanding on how to conduct the employee questionnaire of this study to truly capture the status of internal communication and employee commitment in start-ups.

3.2.3. Start-up expert – Startup Sauna

The interviewee was chosen to be interviewed to gain insights on what start-ups are, what characterises them and how internal communication is perceived and handled in them. The aim of the interview was to gain practical information on start-ups in addition to the academic theories and definitions discussed in the literature review part of this thesis.

Interview practicalities

Both interviews had a structure to follow according to the guidelines of semi-structured interviews. For each interviewee suitable themes and broad topics were written down prior to the interview situation. This was done to make sure the interviewer remembered the topics to cover and to make it easier to stay on track with the interviews. Due to a shared mother tongue of Finnish, both interviews were conducted in Finnish, although the structure was planned in English. See appendices I and II for the interview structures.

3.3. Employee commitment questionnaire

The latter part of this study's data collection took place in form of an employee questionnaire. The questionnaire was planned after the semi-structured interviews, which were used to make sure all essential issues were included in the questionnaire also in the opinion of communication and start-up experts. The target respondents of the questionnaire were start-up employees. To narrow the target group down in order to suit the limited resources available for the study, the target audience was further defined as: employees of start-up companies, which attended the SLUSH 2013 event.

3.3.1. Likert scale

The questionnaire was built using mainly Likert scale type of questions.

The Likert scale is commonly used for measuring attitudes, which is why it was an appropriate question type for this study. Likert scale, originally developed by Rensis Likert, has changed and varied over the years, however, in principle it consists of five points of agreement. The goal of these points is to measure the intensity of an attitude (Wrenn & Silver, 2013). These basic five points were also used in this study, the points are listed below:

Strongly disagree *Disagree* *Neither agree* *Agree* *Strongly agree*
nor disagree

Likert scale was also used by the TCM Employee Commitment Survey by Meyer and Allen (2004), which was used a base for the questionnaire in this study. In Meyer and Allen's survey a seven point scale was used, however, to guarantee a lighter and quicker questionnaire, most likely resulting in more responses, a five point scale was chosen for the questionnaire in this study.

3.3.2. Questionnaire structure

The questionnaire was divided into three sections to provide a clear structure for the respondents. The first part concentrated on the background information and aimed at easy filtering of approved respondents. In this section the following questions were asked to be able to filter out respondents from an incorrect target group and to gain some valuable background information about the respondents and the start-ups they were employees at:

1. Are you an employee (not an owner) in a start-up company? (If you are an owner, please ask your employees to fill this out :))
2. Did you or someone from the start-up where you work attend the SLUSH 2013 event?
3. How many people work at the start-up where you work?

If a respondent answered “no” to either of the first two questions, he/she was not a part of the target group.

The second section of the questionnaire concentrated on the experiences the respondent has of working in a start-up. This part included a set of 12 question, each following the Likert scale structure introduced above. These questions were planned based on the Three-Component Model (TCM) by Meyer and Allen (1991) and the TCM Employee Commitment Survey by Meyer and Allen (2004), which was built by Meyer and Allen to study and measure the three forms of employee commitment to an organisation: affective commitment, normative commitment and continuance commitment. Meyer and Allen built this academic version of the TCM Employee Commitment Survey for those who intend to use the commitment scales for academic research purposes, hence

the survey was perfectly suited to be used as a reference for building the questionnaire for this study.

The academic package for the survey by Meyer and Allen (2004) includes two sets of questions, an original set from 1990 and a revised set from 1993, both of them list groups of questions concentrating on each of the three commitment types. Meyer and Allen used a seven point Likert scale in both versions of the questionnaire. As neither the original or revised set of questions felt suitable for this study as they are, mainly due to the uniqueness of a start-up environment, a new set of questions was formed for the purposes of this study. The questions were aimed to be as easy as possible to understand and answer to for a start-up employee and also to touch the everyday life of a start-up employee better than the original and revised sets by Meyer and Allen do. The following set of questions were asked in the second section of the questionnaire:

1. This start-up company has a great deal of personal meaning to me. [affective]
2. I would be very happy to spend at least the next 5-10 years building this start-up further. [affective]
3. I enjoy telling about my work and the story of our start-up company to people outside my team. [affective]
4. I think that I could easily become as attached to another start-up company as I am to this one. [affective]
5. I am not afraid of what might happen if I quit my job without having another one lined up. [continuance] [R]

6. It would be very hard for me to leave this start-up team right now, even if I wanted to. [continuance]
7. It wouldn't be too costly for me to leave this start-up company now. [continuance]
[R]
8. One of the major reasons I continue to work for this start-up company is that leaving would require considerable personal sacrifice. [continuance]
9. I do not believe that a person must stay loyal to a start-up company longer than 2 years. [normative] [R]
10. One of the major reasons I continue to work for this start-up company is that loyalty is important to me and I feel a sense of moral obligation to remain, despite my own career desires. [normative]
11. If I got another offer for a better and more interesting job elsewhere I would feel it is not right to leave the start-up company where I work. [normative]
12. I think when joining a start-up company, people should stay working in it as long as the company either "makes it or breaks it". [normative]

After each question, in brackets, the type of commitment that particular question measures is mentioned. These were, however, only used in the planning phase of the questionnaire and not shown to the respondents.

The third section of the questionnaire concentrated on the internal communication in the start-up company of the respondent. When planning and selecting the questions for this section, the definition for internal communication, defined in the literature review of this study, was used as a starting point. As internal communication in this study is

defined as “.. *all the formal and strategic as well as informal and casual communication within a company including all directions of communication – vertical and horizontal.*”, the question groups used in this section were: communicating the strategy, communication processes, daily communication, formal / informal communication, and enablement. Of these, enablement was added after the semi-structured interviews.

The list of questions in the third section of the questionnaire was:

1. The goals and vision of the start-up company where I work are clear to me.
[communicating the strategy]
2. It is easy to communicate with my colleagues and I know which tools to use for different types of communication. [daily communication]
3. I feel there is a strong consistency in the ways in which I receive internal information in the start-up company where I work. [communication processes]
4. I know who to ask for certain types of information. [communication processes]
5. I’m not always sure what is happening on a daily basis in the start-up where I work.
[daily communication] [R]
6. It is hard to find information relating to some issues in the start-up where I work.
[formal communication] [R]
7. I know what my colleagues are doing after work. [informal communication]
8. It is easy to share and receive feedback to my own ideas. [enablement]

9. I feel my needs in developing my skills and using my strengths have been taken into consideration in the start-up where I work. [enablement]

As a concluding question, based on the recommendation of the interviewed internal communications professional, one open-ended question was asked.

10. Is there something you would like to change in the ways of internal communication in the start-up where you work?

For the final version of the questionnaire as a whole, see appendix III.

3.3.3. Questionnaire tool – Surveygizmo

An online tool was chosen to create the questionnaire in practice. As the target group of the questionnaire is marked with a heavy interest in digital tools and ‘tech-savvy’ skills, a tool offering a high quality user experience in all devices was sought after.

Surveygizmo, www.surveygizmo.com, was found to be the best option.

In addition to being responsive, Surveygizmo also enabled another key functionality of the questionnaire – the ability to mix the order of the questions for each respondent. This was also the recommendation from Meyer and Allen (2004). “For purposes of survey administration, we recommend that the items from the three scales be mixed.” (p.3).

Furthermore, Surveygizmo enabled to filter out respondents who answered the background questions incorrectly, hence it was easy to see which of the respondents met the requirements of the targeted sample.

After creating the actual questionnaire in the Surveygizmo tool the questionnaire was tested out by several communications students from the Aalto University School of Business. It was refined two times before official distribution according to the test group feedback.

3.3.4. Survey distribution – social media

As the target respondents for the questionnaire – employees of start-up companies, which attended SLUSH 2013 event – were seen to be active in social media, the chosen distribution channel for the questionnaire was social media as well. In addition, the event SLUSH 2013 had popular accounts in social media, which made it easy to discover the attended companies and then target employees from those companies effectively.

A range of three social media channels were used to distribute the questionnaire. These three channels were Facebook, LinkedIn and Twitter, with a heavy emphasis on Twitter. During the research it was clear that Twitter reached the target audience best. See appendix IV for examples of the social media posts distributing the questionnaire.

Additionally, the link to the questionnaire was sent to some start-up employees directly via email.

3.3.5. Survey respondents

The survey gathered altogether 41 responses. Of these responses 68,3% were employees of start-ups, from which someone attended the SLUSH 2013 event. Rest of the respondents were either owners or from start-up companies, from which no one attended the SLUSH 2013 event. From the 68,3% of all respondents 100% completed the entire survey, the voluntary open ended question was responded by 42,9% of the respondents. To give perspective for the amount of responses gathered, there were approximately 1200 attending companies (<http://www.slush.org/info/faq/>) and most of these were start-ups. Of course it can be assumed that not all of these companies have employees yet. However, with a longer response time or in-depth cooperation with the SLUSH organisation the gathered responses could have been a lot more than what was achieved in this study.

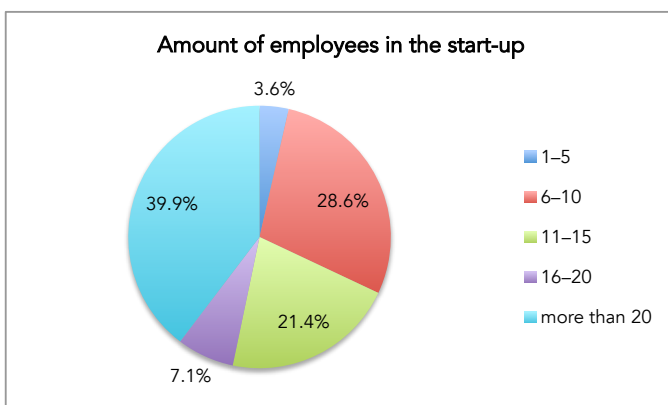


Illustration 9: Amount of employees in the start-up.

Of the respondents, the majority represents start-ups with more than 20 employees (39,9% of respondents). Next biggest groups are employees from start-ups with 6 to 10 employees (28,6%), and from start-ups with 11 to 15 employees (21,4%).

Geographically, the responses for the questionnaire came from five different countries: Finland, Argentina, Australia, United States of America and Norway. Of course, these are only the areas where the responses were sent from, they do not necessarily represent start-ups from those different countries.

4. DATA ANALYSIS

This chapter discusses the methods of analysing the data of this study. The first section, 4.1., concentrates on how the two semi-structured interviews were analysed and the latter section, 4.2., on what methods were used to analyse the employee questionnaire data.

4.1. Semi-structured interviews

In this subsection the analysing methods of the two semi-structured interviews conducted in this study are introduced and explained.

For both of the interviews the following three phased analysis structure was followed:

- Recording
 - Interview with the internal communications professional – 19 minutes 39 seconds
 - Interview with the start-up professional – 29 minutes 32 seconds
- Transcribing
 - Transcriptions were used to review the discussed issues
- Highlights of the interviews
 - Based on the transcriptions, a few highlights from each interview were written down and mainly used to double-check that the planned questionnaire is not lacking anything substantial. These highlights from each of the interview are introduced in the following subsection 4.1.1.

4.1.1. Interview highlights

In both of the semi-structured interviews certain themes and terms were discussed. In this subsection the most essential outcomes and new ideas to be considered in the latter part of data collection in this study are presented. They are presented here instead of the findings chapter of this study because they do not present actual findings but are a part of pre-research.

Interview 1: Internal Communication

1. INTERNAL COMMUNICATION

Internal communication was seen as extremely important by the interviewee as it has an impact on the employee satisfaction. It was justified by interviewee because through internal communication employees know a) where the company is going, b) what their own role in this development is, which adds on to their feeling of importance in the company, and c) what is happening in other teams or departments of the company.

Definition

The interviewee saw internal communication strongly related to the leaders of a company. If internal communication isn't working, it is a leadership problem. The importance of dialogue in internal communication was also emphasised. It is never supposed to be 1-way communication from top to bottom, but a conversation involving all the people in a company.

Internal communication in start-ups

When thinking about internal communication in the start-up environment, the importance of having it on the agenda was emphasised. This is highly important, since as a start-up grows and develops, internal communication has to develop with it. This point is in line with previous academic studies as well (Rode & Vallaster

(2005), Saini & Plowman (2007)). According to the interviewee internal communication is vital for start-ups since it can help the companies to survive tougher times, such as a “hangover” phase after a rapid growth.

Finally, the meaning of internal communication for start-ups was emphasised in particular by stating that internal communication = company culture. Relating to this definition it is important to remember that someone needs to lead the culture, it doesn't happen by itself. How one leads it, is through internal communication.

Challenges for start-ups

Specific challenges in internal communication for start-ups are brought up by the often rapid growth of the company. In many cases internal communication is forgotten in the midst of the growth and then suddenly no one knows anything about the new employees coming in. The challenge is to get everyone in the growing team on board immediately – this is done with internal communication.

2. COMMITMENT & ENGAGEMENT

According to the interviewee the two terms of commitment and engagement are very similar and can also be referred to as the same.

Definition

Commitment is “the look, the passion – the non-verbal communication” of an employee.

However, in stead of committing or engaging employees to a company, the interviewee would prefer to talk about enablement.

3. ENABLEMENT

The meaning of enablement in a company with highly committed employees was

highlighted by the interviewee – enablement is a vital factor making it possible for employees to become committed.

4. TIPS FOR THE EMPLOYEE COMMITMENT QUESTIONNAIRE

At Ellun Kanat communications agency the internal communications projects usually involve questionnaires, interviews and workshops. Since the resources of this study do not allow such extensive data collection, it was advised by the interviewer to include concrete examples in the questionnaire of this study.

Questions with concrete, everyday situations, make it easier for the respondents to understand what internal communication is, since the official definition of it is unclear for many.

Interview: Start-up professional

1. START-UPS DEFINED

The interviewee found it almost impossible to give one clear definition for a start-up, since there are so many things affecting start-ups. However, the loose definition by the interviewee reads as “start-up is a young company looking for a quickly scalable business model”. The same characteristics of fast growth and a young age were also brought up by a number of researchers (Robehmed & Colao (2013), Luger & Koo (2005)).

2. IMPORTANCE OF START-UPS

The interviewee sees start-ups having a key role in creating something new. By breaking barriers and old ways of thinking and with active innovation, start-ups ensure the development of new ideas and concepts into something real that possibly also becomes something “permanent”.

Start-ups have an especially important role in technological innovations and this

should be recognised even better by all stakeholders.

3. CHARACTERISTICS OF START-UPS

According to the interviewee start-up teams can be described as very dynamic and quick teams, where everybody is proud of what they are doing and believe in it fully. The hierarchy in the teams is extremely low and due to practical reasons, everybody does everything, so roles are quite vague. Furthermore, start-up teams are marked with ambition and a hunger to strive.

What separates the best teams from the good ones, is the ability to take in a lot of feedback from outside – be it mentors, test groups, investors or potential clients.

4. INTERNAL COMMUNICATION IN START-UPS

The importance of internal communication for start-up teams has been recognised and it is one of the topics at Startup Sauna's start-up programs as well. There the vitality of being and remaining honest in one's communication is highlighted, without honesty issues inside the team might grow out of proportion.

In practice, the interviewee has noticed a lot of start-up teams to rely on a set of tools in their internal communications. These can be related to project management (Trello), or remote communication (Skype).

Despite the lack of hierarchy and processes, the interviewee sees that some sort of structure for the internal communication is needed especially if and when the start-up starts growing business wise. The need for structure was recognised also in the projects of Startup Sauna and SLUSH. It is important that the whole team knows and understands the ideology of the start-up. The interviewee further emphasises the importance of the team itself by adding that the team is all a start-up has. This is why it needs to be taken a good care of as well.

These interviews during the pre-research phase of this study were used to see whether real life and practical experiences are in line with the reviewed earlier research, or if there is something that ought to be looked at before moving the core research part of this study. To the most part the issues discussed with the interviewees were inline with previous research, only the theories concerning enablement were added to the literature review of this study.

4.2. Employee questionnaire

The collected data in this study was analysed based on the recommendations from the TCM Employee Commitment Survey by Meyer and Allen (2004). This subsection introduces those analysing methods by first introducing the scoring of answers, followed by subsections for correlation analysis.

4.2.1. Scoring

Based on the recommendation of Meyer and Allen in their TCM Employee Commitment Survey, the data received from the employee questionnaire was chosen to be analysed by first calculating the commitment scores and then comparing them to the internal communication scores. The values for different answers in the questionnaire are listed below. An [R] after a question indicates a reverse-keyed item.

Item values:

1 = strongly disagree

2 = disagree

3 = undecided

4 = agree

5 = strongly agree

Reverse-keyed item values:

5 = strongly disagree

4 = disagree

3 = undecided

2 = agree

1 = strongly agree

4.2.2. Correlation analysis

The employee commitment questionnaire data was analysed based on the correlation approach, which has been one of the most common methods to study commitment data based on the TCM Employee Commitment Survey (Meyer & Allen, 2004).

The correlation approach used in this study is the sample Pearson correlation coefficient, invented by Karl Pearson. The value resulting from the correlation coefficient equation (see Equation I below), is always between -1 and +1. The sample version of the equation was decided to be used since the data of this study represents a sample of the population of start-up employees.

$$r_{xy} = \frac{\sum x_i y_i - n \bar{x} \bar{y}}{(n-1) s_x s_y} = \frac{n \sum x_i y_i - \sum x_i \sum y_i}{\sqrt{n \sum x_i^2 - (\sum x_i)^2} \sqrt{n \sum y_i^2 - (\sum y_i)^2}}$$

,where \bar{x} and \bar{y} are the sample means of X and Y , and s_x and s_y are sample standard deviations of X and Y .

Equation 1: Equation for calculating the Pearson correlation coefficient for samples.

A coefficient of +1 indicates the two measured variables to be perfectly correlated, meaning when one variable increases, the other increases by a proportionate amount. In contrast, a coefficient of -1 means that the variables are perfectly negatively correlated, as one variable increases, the other variable decreases by a proportionate amount. If the coefficient value equals 0, there is no linear correlation between the variables, hence when one variable changes, the other one remains the same (Field, 2009).

To interpret the correlation coefficient values the guidelines of Field (2009) are used:

- ± 0.1 represents a small effect
- ± 0.3 represents a medium effect
- ± 0.5 represents a large effect

The correlation method was calculated three times, individually for each type of commitment – affective, continuance and normative – paired with the internal communication data of the questionnaire.

Scatterplot

To visualise the correlation analysis of the employee questionnaire data, scatterplot was decided to be used. Scatterplot is a tool used to look at the relationships between variables, in this study the different types of commitment against internal communication. Scatterplot is a graph plotting each person's score on one variable against their score on another variable (e.g. affective commitment score against internal communication score) and it reveals several issues about the data. These are, for example, whether there seems to be a relationship between the variables, what sort of a relationship it is and whether some cases stand out from other ones (Field, 2009).

As in this study only two variables are compared against each other at a time, the chosen type of a scatterplot was the simple scatterplot. An example of a simple scatterplot graph used to visualise correlation can be seen in illustration 10 below.

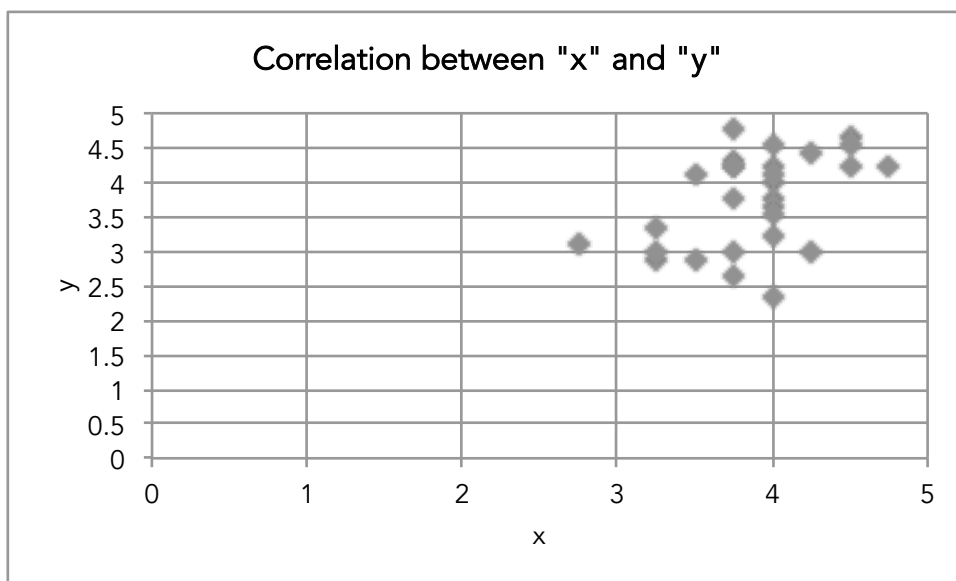


Illustration 10: An example graph of correlation in a simple scatterplot graph.

Trend lines

To visualise whether there is any linear relationship between the two variables, a trend line was added to the graph. When vertical or horizontal, a trend line communicates a lack of linkages between the variables. This means, knowing the value of one variable, you cannot predict the value of the other one. On the contrary, when the trend line is slanted, there is some type of a linkage between the variables. This linkage can be either negative – as the value of one variable increases, the other would decrease – , or positive – as the value of one variable increases, so does the other. An example of a trend line can be seen in illustration 11 below.

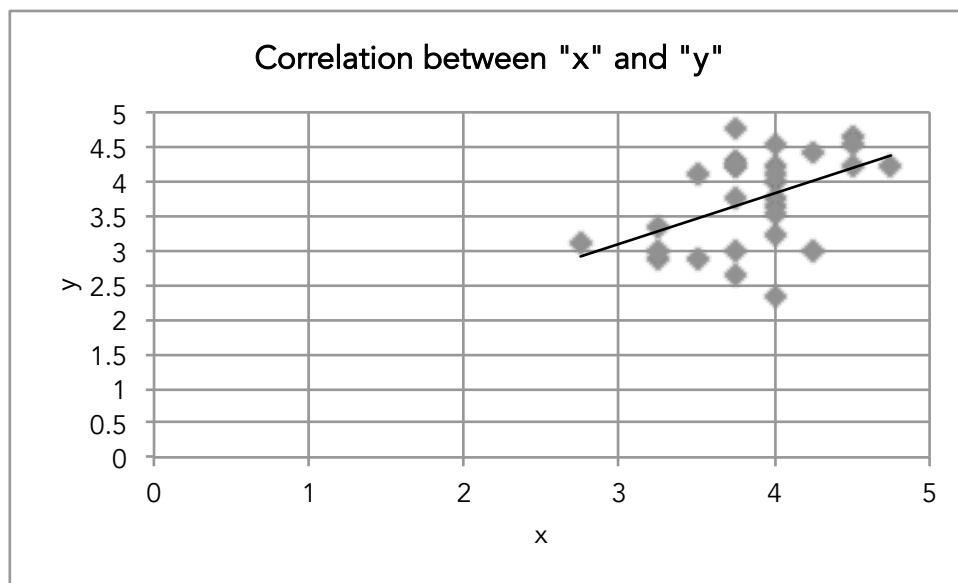


Illustration 11: An example graph of correlation in simple scatterplot with a trend line.

4.4. Trustworthiness of the study

This section justifies the trustworthiness of the study conducted. It discusses the terms reliability and validity.

4.4.1. Reliability defined

Reliability refers to the consistent interpretation of the chosen instrument across different situations – can the measure produce the same results under the same conditions. Reliability exceeds validity, in order for a study to be valid, it needs to first be reliable (Field, 2009).

Furthermore, a reliability measure “essentially tells the researcher whether a respondent would provide the same score on a variable if that variable were to be administered again (and again) to the same respondent. In survey research, the possibility of administering a certain scale twice to the same sample of respondents is quite small for many reasons: costs, timing of the research, reactivity of the cases, and so on”(Lavrakas, 2008, p. 169). This is why, to ensure the reliability of this study’s data, a statistical method was chosen to be used.

As mentioned by Meyer and Allen (1997), the internal consistency of the three components of commitment have usually been estimated by using coefficient alpha, which is why the same method was chosen to be used in this study as well.

Cronbach’s alpha

The most common measure of scale reliability is Cronbach’s alpha. It measures the internal consistency among a set of survey items that 1) a researcher believes all measure the same construct, 2) are hence correlated with each other, and 3) could therefore be formed into some type of scale (Lavrakas, 2008). The Cronbach’s alpha is

loosely equivalent to splitting the study data into two in every possible way and computing the correlation coefficient for each split (Field, 2009).

The Cronbach's alpha equation is as follows:

$$\alpha = \frac{N^2 \overline{Cov}}{\sum s_{item}^2 + \sum Cov_{item}}$$

Equation 2: Cronbach's alpha

When computed with the questionnaire data of this study the Cronbach's alpha resulted in 0.77.

Interpreting the result

The results of Cronbach's alpha range between 0 and 1. The greater the value of alpha, the more the scale is coherent and thus reliable – the result of Cronbach's alpha is an approximation to the reliability coefficient. It has been proposed that the critical value for the alpha is 0.70. Results above this number stand for a reliable scale.

The logic of this rule is that “with an alpha of .70 or greater, essentially 50% (or more) of the variance is shared among the items being considered to be scaled together”(Lavrakas, 2008, p. 169).

With a Cronbach's alpha value of 0.77 in this study it can therefore be stated the questionnaire conducted in this study is reliable.

4.4.2. Validity defined

With validity the accuracy of the instrument chosen for measurement is referred to. Does the instrument actually measure what it was set out to measure (Field, 2009).

As the instrument used for the collection of core data in this study, a modified version of the TCM survey, has already been identified as a valid instrument for measuring commitment and different antecedents possible correlating with commitment earlier (for example Meyer & Allen, 1997), the validity of this study is proven.

5. FINDINGS & DISCUSSION

This chapter introduces the findings of the core research component of this study – the quantitative employee questionnaire and discusses these findings in the light of the theoretical framework of this study. Through this the aim of this chapter is to discover answers for the research questions of this study: 1) How do start-up employees perceive internal communication in their workplaces?, 2) How can the commitment of employees in start-up companies be characterised?, and 3) Can the relationship between internal communication and employee commitment be detected in the start-up environment? If so, how are these two concepts related?.

Each of the sections 5.1., 5.2. and 5.3. take a closer look at the findings and discussion for each of the three commitment components – affective, continuance and normative. Section 5.4. presents and discusses the findings of the latter part of the questionnaire, internal communication. In section 5.5., the correlation analysis between each of the commitment types against internal communication are presented and discussed. Finally, section 5.6. discusses the overall findings of this study and reflects them back to the theories presented earlier in this study.

5.1. Affective commitment

Affective commitment refers to “employees who are in the organisation because they want to be there” as previously defined in this study according to Meyer and Allen (1991).

The affective part of the questionnaire consisted of four questions. The range of commitment scores varied from 1 to 5, with the score 5 indicating the highest possible level of commitment. There is a difference of 2 points in between the highest, 4,75, and lowest, 2,75, score results, which proves the sample of the questionnaire to represent employees with different levels of affective commitment. The average score of 3,65,

then again, shows that the respondents have on average a significant affective commitment to their start-ups. This answers the second research question of this study, “How can the commitment of employees in start-up companies be characterised?” – the commitment of employees in start-up companies is on average significantly affective.

AFFECTIVE COMMITMENT SCORES	
Average score	3,65
Highest score	4,75
Lowest score	2,75

Illustration 12: Affective commitment scores in the employee commitment questionnaire.

Open-ended question

The questionnaire had one, optional, open-ended question:

Is there something you would like to change in the ways of internal communication in the start-up where you work?

Looking at how the respondents with the highest and lowest affective commitment points responded to the open-ended question of the questionnaire, is interesting. The respondents with the highest affective commitment points, 4.75, 4.50 and 4.50 did not answer anything to the open-ended question. Of respondents with the lowest affective commitment scores, 2.75, 3.25, 3.25 and 3.25, the respondent with the lowest score and one of the respondents with a score of 3.25 respondent to the open-ended question.

Respondent with score 2.75

“Hire a HR manager, there is no clear setup at [name of a company*] Motivation is decreasing on a weekly basis.”

*To ensure anonymity of the respondent the company name has been removed.

Respondent with score 3.25

“We have a few tools to use (chat, sharing links) but people still send email when they could use some of those tools, and it feels inconsistent at times. I'd be open to trying out a more transparent system where everyone can access almost any information.”

Based on these two answers a clear structure and transparency are missed in the internal communication. Motivation and consistency are mentioned by the respondents, which are both strongly related to the elements of internal communication listed by Welch (2011), which were referred to when building the internal communication questions in the questionnaire.

Consequences of affective commitment

As stated before, affectively committed employees are in an organisation because they want to be (Meyer & Allen 1991). Based on earlier research affective commitment also links to engagement (Albdour & Altarawneh, 2014), defined as a “passion for work” and attachment to an organisation in this study. Engagement has been shown to result in a higher employee productivity and employee retention, which lead to superior financial performance (Yates, 2006).

5.2. Continuance commitment

Continuance commitment was previously defined in this study as commitment due to high costs of leaving; the employees are therefore in the organisation because they need to be (Meyer & Allen, 1991).

The continuance commitment part of the questionnaire consisted of four questions. The range of commitment score results varied from 1 to 5, with the score 5 indicating the highest possible level of commitment. There is a difference of 3 points between the highest, 4,25, and lowest, 1,25, respondent scores. Again, similarly to the affective

commitment results, this proves the sample of the questionnaire to represent employees with different levels of continuance commitment. It is also the largest difference in commitment scores in this study. The highest scoring respondent has a strong continuance commitment to his/her start-up, whereas the lowest scoring respondent feels hardly any continuance commitment towards his/her start-up. The average continuance commitment score suggests the respondents of this study to have a fairly strong continuance commitment on average.

CONTINUANCE COMMITMENT SCORES	
Average score	3,47
Highest score	4,25
Lowest score	1,25

Illustration 13: Continuance commitment scores in the employee commitment questionnaire.

Open-ended question

The questionnaire had one, optional, open-ended question:

Is there something you would like to change in the ways of internal communication in the start-up where you work?

Of the respondents with the highest continuance commitment points, 4.25 and 4.0 only one replied.

Respondent with score 4.0

“Currently, I feel we use some of the best communications technologies available to small companies, via basecamp, trello, github, etc. Though, I hope the future will see more efficient software to aid in inter office communications.”

This response suggest the respondent to be quite happy with the start-up's current communication systems. However, room for improvement is seen specifically in the inter office communications.

Of the respondents with the lowest continuance commitment scores, 1.25, 2.00 and 2.00, the respondent with the lowest score and one of the respondents with a score of 2.00 responded to the open-ended question.

Respondent with score 1.25

“more consistency on channels, more frequency on communication”

Respondent with score 2.00

“More transparency in hiring. Announce when someone comes and goes, what their role is to be, etc.”

Interestingly, the latter response can be directly linked back to the highlights of the semi-structured communication interview, presented earlier in this study. According to the interviewee, the issues in many start-ups due to inefficient internal communication can show up as not knowing enough or at all about new employees, as appears to be the case with this respondent.

Consequences of continuance commitment

Continuance commitment refers to the awareness of the costs associated with leaving an organisation. Employees with a continuance commitment towards their workplace stay in the organisation because they feel they need to. It is important to remember that an employee can also feel affectively and normatively committed to his/her organisation in addition to continuance commitment (Meyer & Allen, 1997).

Another key point to remember is the recent study by Albdour and Altarawneh (2014), according to which there is no significant link between continuance commitment and engagement. From this perspective it would seem that continuance commitment is less valuable for companies as it does not, through engagement, lead to higher productivity and retention, ultimately resulting in a better financial result for the company.

These results provide additional information relating to the second research question of this study. Based on the results from continuance and affective commitment discussed so far, the commitment of employees in start-up companies can be characterised as being a mixture of both affective and continuance commitment. As these components of commitment are highly different, the other one referring to a need as the other one to a desire to stay working in one's workplace, it is interesting to see such high scores for both of them in the study results.

5.3. Normative commitment

Normative commitment describes a feeling of obligation to the organisation; the employees are in the organisation because they feel they ought to be (Allen & Meyer, 1991).

There were four questions relating to normative commitment in the questionnaire. The range of commitment score results varied from 1 to 5, with the score 5 indicating the highest possible level of commitment. There is a difference of 2,75 points between the highest, 4,5, and lowest, 1,75, scores. The highest scoring respondent has a strong normative commitment to his/her start-up, whereas the lowest scoring respondent feels hardly any normative commitment towards his/her start-up. The average normative commitment score suggests the respondents of this study to have a close to a significant normative commitment on average.

NORMATIVE COMMITMENT SCORES	
Average score	3,35
Highest score	4,5
Lowest score	1,75

Illustration 14: Normative commitment scores in the employee commitment questionnaire.

Open-ended question

The questionnaire had one, optional, open-ended question:

Is there something you would like to change in the ways of internal communication in the start-up where you work?

Of the respondents with the highest normative commitment points, 4.50 and 4.25 no one replied to the open-ended question. Of the respondents with the lowest scores of 1.75, 2.00, 2.00 and 2.00, two responded to the open-ended question.

Respondent with score 1.75

“more consistency on channels, more frequency on communication”

As can be seen the respondent is the same, who had the lowest continuance commitment score.

Respondent with score 2.00

“Absolutely not. The start-up I work for is 100% transparent in any information that is being shared. Transparency is one of our values.”

This response is of great interest as the respondent seems to link successful internal communication directly with being transparent.

Consequences of normative commitment

Normative commitment refers to the feeling or moral obligation to stay working in an organisation. Employees with a high level of normative commitment see as if they ought to stay in the organisation. Again, despite feeling a obliged to stay with a company an employee might also feel a strong desire (affective commitment) or need (continuance commitment) to do so (Meyer & Allen, 1997).

Normative commitment was found to be linked to engagement, leading to superior financial success (Aldbour & Altarawneh, 2014). Hence, normative commitment seems to be a positive matter for the employer.

In the light of the second research question, it can now be stated that the commitment of employees in start-up companies can be characterised as a mixture of all the components of the Three-Component Commitment model by Meyer and Allen (1991). Looking at the average scores of each commitment component, this study suggests employees of start-up companies to experience more affective and continuance commitment than normative commitment.

5.4. Internal communication findings

This section concentrates on the findings and discussion relating to the questions of the questionnaire, which aimed at discovering the state of internal communication in the respondents' start-up companies. The aim of this section is to answer the first research question of this study, "How do start-up employees perceive internal communication in their workplaces?".

Based on the elements of internal communication by Welch (2011) and the recommendations of the interviewed communications expert, the part of the questionnaire concentrating on internal communication had altogether 9 questions. The range of score results varied from 1 to 5, with the score 5 indicating the strongest possible level of agreement with the questions. In these scores a difference of 2,45 between the highest, 4,78, and lowest, 2,33, scores can be observed. On average the respondents experience the internal communication in their workplace to be good.

INTERNAL COMMUNICATION SCORES	
Average score	3,75
Highest score	4,78
Lowest score	2,33

Illustration 15: Internal communication scores in the employee commitment questionnaire.

Open-ended question

The questionnaire had one, optional, open-ended question:

Is there something you would like to change in the ways of internal communication in the start-up where you work?

Of the respondents with the highest internal communication points, 4.78, 4.67, 4.56 and 4.56 two replied to the open-ended question.

Respondent with score 4.78

“Nope, all channels work perfectly, people are always connected and getting feedback is quick and easy.”

Respondent with score 4.56

“more consistency on channels, more frequency on communication”

The responses here show that an employee happy with his/her workplace’s internal communication values the existence of different communication channels and gaining feedback. An employee with improvement suggestions demands more consistency and frequency in the use of different channels.

Of the respondents with the lowest scores of 2.33, 2.67, 2.89 and 2.89, two responded also to the open-ended question.

Respondent with score 2.89

“More transparency”

Respondent with score 2.89

“We have a few tools to use (chat, sharing links) but people still send email when they could use some of those tools, and it feels inconsistent at times. I'd be open to trying out a more transparent system where everyone can access almost any information.”

Based on these answers, transparency is key in internal communication in start-ups.

To summarise, these results tell us the answer to the first research question of this study. Employees of start-up companies perceive the internal communication in their

workplaces to be good on average. Differences between single employees are significant suggesting that the notion and importance of internal communication is perhaps not yet known in all start-ups, whereas some of them clearly have an internal communication system and practices in use.

5.5. Correlation: commitment and internal communication

This section discusses the findings relating to the correlation between each of the different commitment components – affective, continuance, normative – and internal communication. With this an answer to the third research question, “Can a relationship between internal communication and employee commitment in the start-up environment be detected? If so, how are the two concepts related?”, is aimed to be given.

Firstly, in subsection 5.5.1. the correlation between affective commitment and internal communication is discussed, followed by subsection 5.5.2. concentrating on the correlation of continuance commitment and internal communication and subsection 5.5.3. concentrating on normative commitment and internal communication.

A point to keep in mind when interpreting and discussing correlation is to not confuse it with causality. Coefficients do not indicate the direction of causality (Field, 2009).

5.5.1. Affective commitment and internal communication

The correlation coefficient is a commonly used measure for describing the size of the effect one variable has on another. As previously stated values ± 0.1 represent a small effect, values ± 0.3 a medium effect and values of ± 0.5 a large effect (Field, 2009).

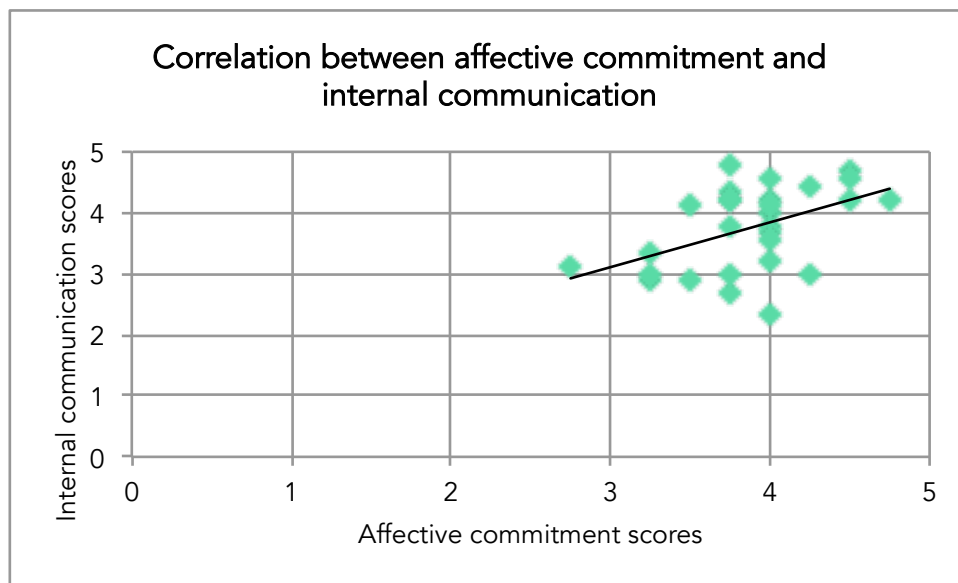


Illustration 16: Correlation between affective commitment and internal communication.

Based on the correlation analysis the Pearson correlation coefficient for affective commitment and internal communication is 0.47. This result means that there is a significant effect between affective commitment and internal communication.

The resulted 0.47 correlation coefficient only proves there to be an effect between affective commitment and internal communication, the direction of the effect cannot be proved based on correlation coefficients. As affective commitment has been found to positively correlate with engagement (Albdour & Altarawneh, 2014), and engagement to be in a causal relationship with internal communication (Welch, 2011), the results of this study suggest a causal relationship to exist also between internal communication and affective commitment.

To summarise, in the light of the 3rd research question of this study, yes, a relationship between affective commitment and internal communication can be detected but the way in which they are related calls for additional studies.

5.5.2. Continuance commitment and internal communication

Based on the correlation analysis the Pearson correlation coefficient for continuance commitment and internal communication is 0.14. In correlation coefficients, the value ± 0.1 stands for a small effect. Based on this result there seems to be only a small effect between continuance commitment and internal communication, which the illustration below visualises.

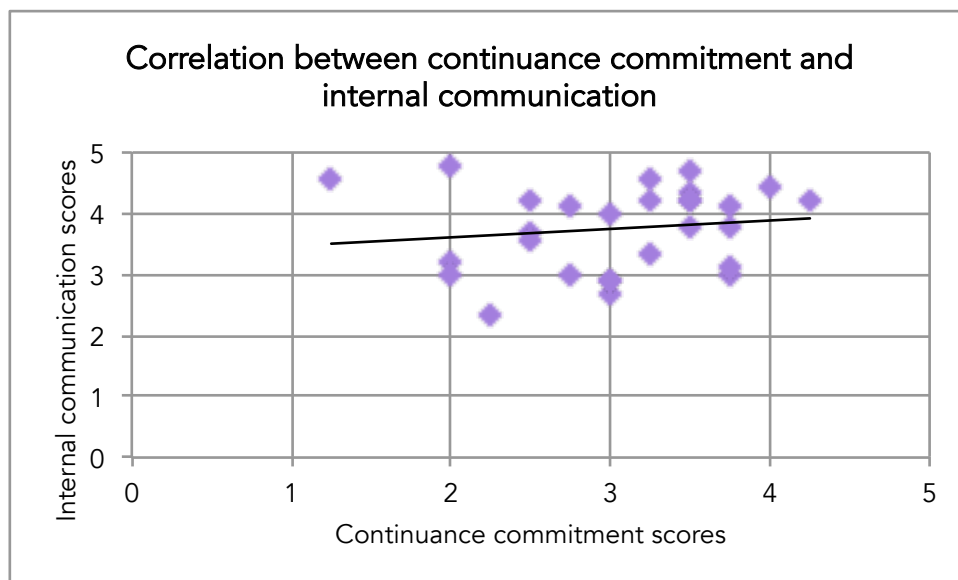


Illustration 17: Correlation between continuance commitment and internal communication.

This low correlation value suggests that perhaps internal communication cannot effect continuance commitment to a significant extent. It is possible that other elements of the organisation or start-up, or the outside environment have a greater effect on continuance

commitment than internal communication. This also makes the link between internal communication and continuance commitment questionable.

To summarise, the answer to the third research question, “Can a relationship between internal communication and employee commitment in the start-up environment be detected? If so, how are the two concepts related?”, would appear to be divided depending on the commitment component as the difference between affective and continuance commitment against internal communication is significant. It is not clear how continuance commitment and internal communication are related.

5.5.3. Normative commitment and internal communication

Based on the correlation analysis the Pearson correlation coefficient for normative commitment and internal communication is 0.43, which falls between $\pm.3$ = medium effect and $\pm.5$ large effect. This means that there is a significant effect between normative commitment and internal communication.

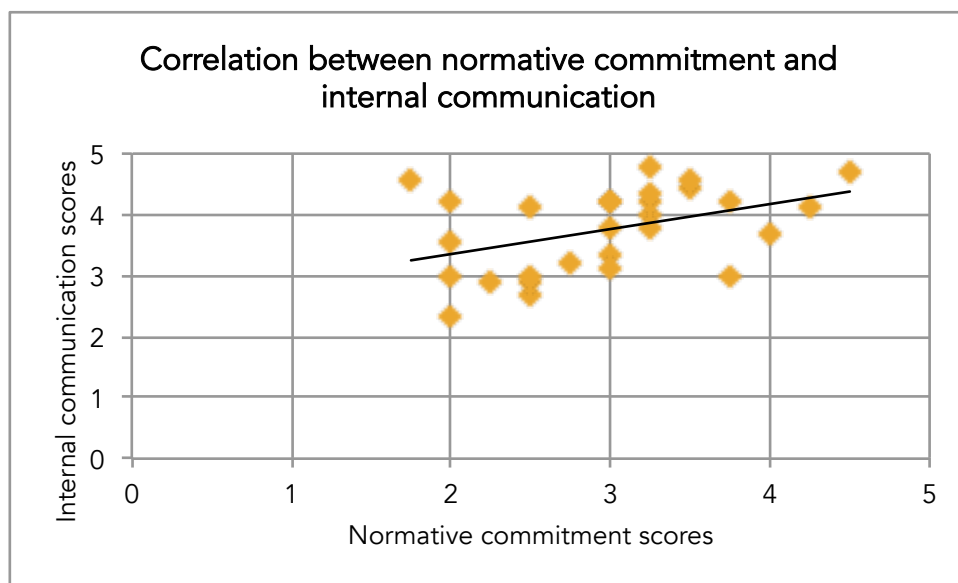


Illustration 18: Correlation between normative commitment and internal communication.

As the correlation coefficient does not imply the direction of the effect and hence does not prove any causality between two elements (Field, 2009), this result is not enough to prove internal communication to be the cause of normative commitment or vice versa. Based on previous studies linking normative commitment and engagement together (Albdour & Altarawneh, 2014) and engagement to result from effective internal communication (Welch, 2011), it is however possible that normative commitment is also in a causal relationship with internal communication.

To summarise, when considering earlier research results, the results of this study, suggest a potential causality between internal communication and normative commitment, which ought to be studied further in order to be verified.

5.6. Findings and theory

The findings of this study provide valuable data to fill the study niche between internal communication and employee commitment. They provide knowledge to answer the research questions of this study by helping to understand how internal communication is

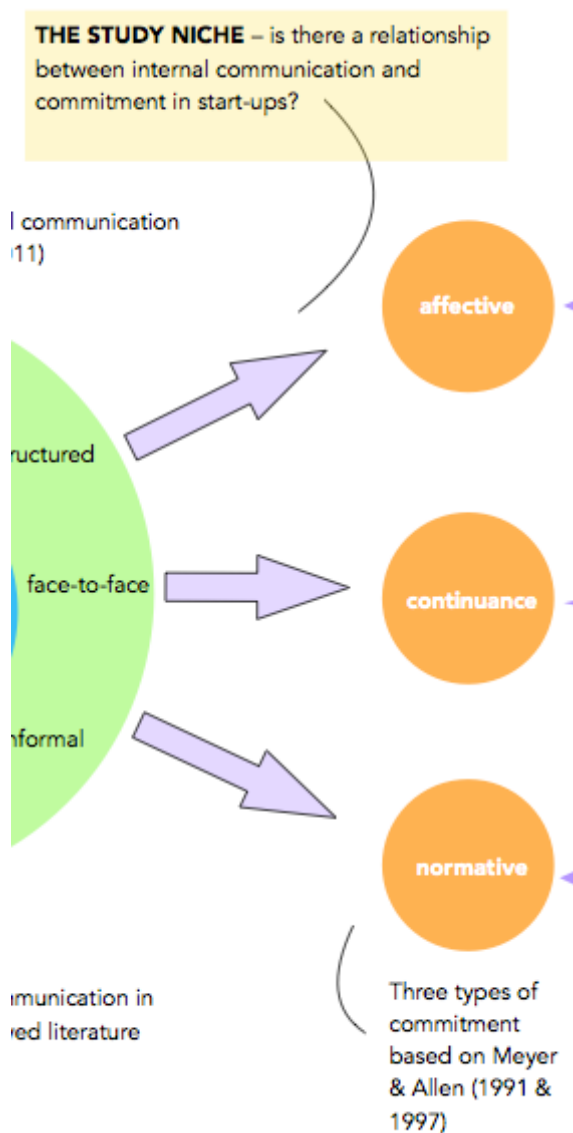


Illustration 19: A detail from the theoretical framework of this study showcasing the study niche.

perceived by start-up employees in their workplaces, by shedding light into how the commitment of start-up employees can be characterised and by giving data on whether a relationship between internal communication and employee commitment exists.

Looking at the findings from different commitment components, similarly to Meyer and Allen’s findings (1991, 1997, 2004), the commitment of employees is usually a mixture of all three commitment components. An individual employee might relate to all of three – a desire, need and obligation to stay at his/her current workplace – at the same time.

This makes the job of employers or the culture leaders of a start-up more complicated. Instead of one “type” of commitment employees might stay with a start-up company due to several, very different reasons, which might be difficult to categorise without an employee commitment study.

Looking at the commitment and internal communication correlation results of this study, it appears that results relating to affective and normative commitment are always more similar with each other than the results relating to continuance commitment. Similar observations were made by Albdour and Altarawneh (2014). They discovered engagement to be positively and significantly related to affective and normative commitment, but not significantly related to continuance commitment. Affective and normative commitments also have a different relationship to the measured antecedent, internal communication in this study, than continuance commitment. These results together suggest that from the Three-Component Commitment model by Meyer and Allen (1991) continuance commitment stands out as being different from the two other components. These two components, affective and normative commitment, have been seen to have similar patterns with antecedent and outcome measures by other researchers as well (Meyer & Allen 1997). Previous studies have discovered a strong correlation between the two components, which might explain the similar correlation with antecedents to some extent. Due to repetitive similar results it has been suggested that the two components are not totally independent of each other (e.g. Hackett et al., 1994).

The findings of this study share similar characteristics also with studies by Meyer, Gagné and Parfyonova (2010) and Welch (2011). Commitment was found to be associated with engagement and to be affected by leadership communication (Meyer et al., 2010) – based on the results of this study there seems to be some sort of a link between affective and normative commitment, which both seem to be affected by internal communication. Welch (2011) stated communication to be one form of employee psychological needs an organisation has to meet the requirements of it in order to maintain and further develop employee engagement – based on the results of this study, this is potentially true also for commitment.

Remembering how different the components of commitment are from each other, it might be of value to consider the evaluation and modification of internal

communication based on the commitment profile of employees. A similar point was raised by Welch (2011), suggesting an evaluation of employee communication needs from an engagement perspective (p. 341). As different kind of internal communication might lead to different kind of employee commitment profile, maybe a commitment profile could be changed by adapting the internal communication. To confirm this thought, more research ought to be conducted about the causality of internal communication and commitment in start-ups particularly, as they, as an environment, are significantly different from larger companies (see sections 2.2.1.–2.2.4. of this study).

Based on the results of this study a new model combining internal communication, the Three-Component Commitment model and engagement theories was formed. This model, named *Process model: from internal communication to superior financial success*, could be used when planning future research relating to the topics, or as a practical guideline to see how the different concepts are be connected. This model is presented in illustration 20.

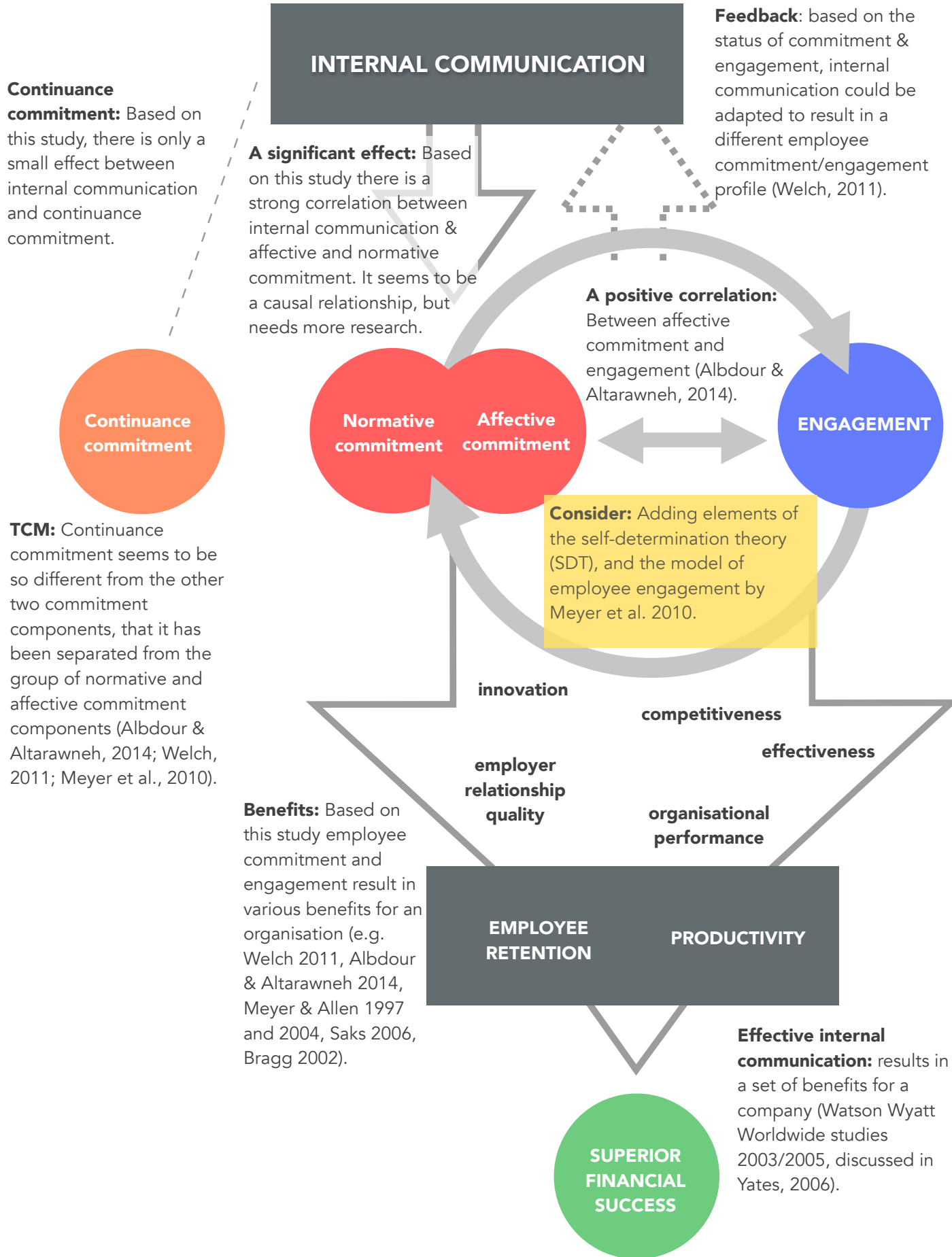


Illustration 20: Process model: From internal communication to superior financial success.

6. CONCLUSIONS

This thesis concentrated on the study niche between internal communication and employee commitment in start-ups. The aim was to discover whether a link and relationship exists between the two concepts. As a result of this study the research problem and three research questions were answered to a strong enough extent to draw initial conclusions on the matter and to recommend additional studies to be done on the matter in the start-up environment in the future.

This chapter summarises the research done in this study in subsection 6.1., the main findings of this study in subsection 6.2., elaborates on the practical implications of these findings in subsection 6.3., discusses the limitations of this study in subsection 6.4. and finally concludes with suggestions for future studies in subsection 6.5.

6.1. Research summary

A study niche was recognised in between internal communication and employee commitment in a start-up environment. Within the niche this study aimed at answering three research questions: 1) How do start-up employees perceive internal communication in their workplaces?, 2) How can the commitment of employees in start-up companies be characterised?, and 3) Can a relationship between internal communication and employee commitment in the start-up environment be detected? If so, how are they related?

In the literature review of this thesis the key concepts of this study were reviewed resulting in a set of definitions of descriptions for each concept. Internal communication in the start-up environment was defined as follows: “Internal communication in start-ups is usually unstructured, face-to-face and informal, following hardly any hierarchical rules or regulations. It takes up a significant percentage of the working time of entrepreneurs and evolves as the company grows. The biggest challenge for internal communication in start-ups is to ensure the ability of the start-up team to process the

vast amount of vital internal information”. The literature concerning the two concepts of employee commitment and engagement was thoroughly reviewed and in the end, based on several previous studies (Welch, 2011; Meyer et al., 2010; Albdour & Altarawneh, 2014; Hakanen et al., 2006; Llorens et al., 2006; Saks, 2006), it was seen that the theories concerning engagement can, at least to an extent, be applied to commitment as well.

The fourth key concept of this study, start-up, proved to be difficult to define based on previous literature. As the study did not require a strict definition for the concept it was determined that in the realm of this study whether or not employees themselves would label their company as start-up, is what defines a start-up.

Due to a set of concepts key for this study a theoretical framework was compiled. In brief it explained and visualised the existing literature on internal communication (Welch, 2011) possibly leading to employee commitment based on the Three-Component model for commitment (Meyer & Allen, 1991). This was marked as the study niche, followed by the correlation between commitment and engagement (Albdour & Altarawneh, 2014) combining commitment and engagement more closely together, and the benefits of effective internal communication resulting as engagement and finally leading to superior financial performance (Watson Wyatt Worldwide studies 2005/2006 in Yates, 2006).

Based on the scarce literature about the exact niche to be studied, a pre-research consisting of a duo of semi-structured interviews was decided to be carried out. This meant that a mixed method approach was used for the study. The qualitative interview findings were used as additional sources of information and insights when planning the core data collection tool of this study, a quantitative employee commitment questionnaire.

The quantitative research of this study, the employee commitment questionnaire, was based on the TCM Employee Commitment Survey by Meyer and Allen (2004). It was modified to suit the start-up environment focus and tested with a few test respondents before being published. The quantitative data from this questionnaire was analysed using the correlation coefficient method and Cronbach's alpha. This study fulfilled the requirements for validity and reliability.

6.2. Main findings

The main findings of this thesis were that start-up employees perceive internal communication in different ways, the commitment of start-up employees can be characterised and there is a link between internal communication and employee commitment, especially between internal communication and affective and normative commitments. The following list presents the key findings of this thesis:

- Internal communication is perceived by start-up employees differently – for some employees internal communication matters seem to be perfectly in order (4,78/5 points) and for some far from it (2,33/5 points). Based on the average score given for internal communication (3,75/5 points), internal communication issues seem to be quite well handled in the sample start-ups of this study.
- The studied employee commitment of start-up employees consist of all the three components of commitment according to Meyer and Allen (1991). Employees showed to have characteristics of all three commitment components. The average scores for each commitment were: affective (3,88/5 points), continuance (3,04/5 points), and normative (2,97/5 points).
- The correlation results calculated with the correlation coefficient for each commitment component against internal communication were: affective commitment and internal communication (0,47), continuance commitment and internal

communication (0,14), and normative commitment and internal communication (0,43). This means that both affective and normative commitment and internal communication are somehow related to each other, but there seems to be no significant relationship between continuance commitment and internal communication.

When comparing these study results to previous studies it is clear that similarities exist. Affective and normative commitment resembling each other in commitment and correlation results is familiar from the studies of for example Welch (2011), Meyer et al. (2010) and Albdour and Altarawneh (2014). This brings commitment closer to engagement and theories related to internal communication and engagement seem to apply more and more also for commitment.

To summarise, based on the findings of this study it is clear that there is a relationship between internal communication and employee commitment also in the start-up environment. However, this relationship ought to be studied more to understand its full nature. Suggestions for future studies are elaborated more in section 6.4.

6.2 Practical implications

There are practical implications that can be drawn from the results of this study. Relating to the correlation of internal communication and commitment, this study suggest to see the effect also as a possibility to improve the commitment of employees. As Welch (2011) suggested practitioners to evaluate employee communication needs from an engagement perspective, this study encourages practitioners to take the commitment profile of employees into account as well. Perhaps, with a regular measuring of commitment and engagement internal communication can be adapted to drive the employees to feel more engaged and to have a commitment profile that benefits the company and employees themselves the best.

Based on the findings of this study a process model from internal communication to superior financial performance was created. This model could be used as a base for future studies or as a tool for start-ups wanting to understand how internal communication, commitment and engagement could affect the company and its team.

6.3 Limitations of the study

This study suffers from three limitations. Firstly, as the subject at hand is a very close and important subject to the researcher, some personal bias might have had an effect on how literature was gathered and how the results of this study were interpreted.

Secondly, the employee commitment questionnaire resulted in altogether 42 responses of which only 28 were from the exact desired sample. This means that the results of this study cannot be generalised to apply for the whole sample targeted – the start-up company employees from start-ups taking part in SLUSH 2013 event.

Thirdly and lastly, the decision to use quantitative research approach to study the commitment of employees might have resulted in a facile view to the actual nature of the relationship between internal communication and employee commitment in start-ups. As interviews are generally used to study employee commitment and engagement (highlight of the first semi-structured interview of this study), it might be that when conducting interviews with all of the 28 questionnaire respondents, the results of this study would be different.

6.4 Suggestions for further research

As already stated in the previous sections, this study has provided mainly suggestions regarding the relationship between internal communication and employee commitment

in start-ups, hence more research is needed on the matter. Four key ideas were seen to be key for further research on the topic.

Firstly, another study with the same focus ought to be carried out with a wider scope. This means that there should be more respondents replying an employee commitment questionnaire than the 28 in this study.

Secondly, in addition to the questionnaire the employees of start-ups should be interviewed to gain more deeper insights on their commitment and how they perceive internal communication in the start-up where they work. This is also a study method recommended by one of the interviewee's of this study.

Thirdly, what could be of interest would be to conduct a cross study between start-up employees and owners and see whether there is a difference in the perceived internal communication, commitment, and the relationship of those two concepts. Could it, for example be, that owners have a higher level of commitment due to the financial string to the company, and not as strong correlation between internal communication and commitment?

Fourthly and lastly, as suggested in the process model created in this thesis, a study combining the self-determination theory (SDT) with engagement, commitment, motivation (see Meyer, Cagné and Parfyonova, 2010) and internal communication could offer the research new perspectives and areas that haven't been considered so far. Though some earlier general studies might exist the start-up field seems to still be fairly new to researchers.

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APPENDICES

Appendix I: Interview with a communications professional

Interview date: 15th of April 2014

Location: Ellun Kanat HQ, Uudenmaankatu 7, 4th floor

Interviewer: Leeni Harmainen

Interviewee: Communications professional, Ellun Kanat communication agency

The interview was a semi-structured one with three themes to discuss.

I: Internal communication

[its importance, meaning and definition]

II: Start-up companies and internal communication

[experiences, observations, advice]

III: Internal communication and employee commitment

[relationship (?), theory, experiences, observations]

The interview was conducted in Finnish since it is the mother tongue of both participants and hence a more natural language to discuss the matters.

Appendix II: Interview with a start-up professional

Interview date: 10th of June 2014

Location: Ravintola Kiila, Kalevankatu 1, 00100 Helsinki

Interviewer: Leeni Harmainen

Interviewee: Start-up professional, Startup Sauna

The interview was a semi-structured one with three themes to discuss.

I: Start-ups

[their importance, meaning and definition]

II: Start-up companies and their characteristics

[experiences, observations, advice]

III: Start-ups and communication

[experiences, observations, responsibility]

IV: Start-ups and commitment

[management, culture leadership, internal communication]

The interview was conducted in Finnish since it is the mother tongue of both participants and hence a more natural language to discuss the matters.

Appendix III: Questionnaire questions

Hello!

Welcome to my survey regarding how it is to work in a start-up company as an employee. This survey is part of my Master's Thesis and your help is highly appreciated.

It will not take longer than 10 minutes to answer. Let's get started!

Part I – Your experiences of the start-up where you work

The following 12 questions relate to how you experience working in the start-up company you are an employee at.

These questions are in the form of statements and your job is to rate them according to how well they describe your feelings.

1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree and 5 = strongly agree.

1. This start-up company has a great deal of personal meaning to me.
2. I would be very happy to spend at least the next 5-10 years building this start-up further.
3. I enjoy telling about my work and the story of our start-up company to people outside my team.
4. I think that I could easily become as attached to another start-up company as I am to this one.

5. I am not afraid of what might happen if I quit my job without having another one lined up.
6. It would be very hard for me to leave this start-up team right now, even if I wanted to.
7. It wouldn't be too costly for me to leave this start-up company now.
8. One of the major reasons I continue to work for this start-up company is that leaving would require considerable personal sacrifice.
9. I do not believe that a person must stay loyal to a start-up company longer than 2 years.
10. One of the major reasons I continue to work for this start-up company is that loyalty is important to me and I feel a sense of moral obligation to remain, despite my own career desires.
11. If I got another offer for a better and more interesting job elsewhere I would feel it is not right to leave the start-up company where I work.
12. I think when joining a start-up company, people should stay working in it as long as the company either "makes it or breaks it".

Part II – Internal communication at the start-up where you work

This section concentrates on the internal communication within your start-up team. The following 10 questions relate to the nature of internal communication in the start-up where you work.

These questions are in the form of statements and your job is to rate them according to how well they describe your feelings.

1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree and 5 = strongly agree.

1. The goals and vision of the start-up company where I work are clear to me.
2. It is easy to communicate with my colleagues and I know which tools to use for different types of communication.
3. I feel there is a strong consistency in the ways in which I receive internal information in the start-up company where I work.
4. I know who to ask for certain types of information.
5. I'm not always sure what is happening on a daily basis in the start-up where I work.
6. It is hard to find information relating to some issues in the start-up where I work.
7. I know what my colleagues are doing after work.
8. It is easy to share and receive feedback to my own ideas.
9. I feel my needs in developing my skills and using my strengths have been taken into consideration in the start-up where I work.

The last question relating to the internal communication in the start-up where you work is an open one.

10. Is there something you would like to change in the ways of internal communication in the start-up where you work?

Thank you for your time and good luck in your start-up adventure!

BR, Leeni ([link to twitter](#))

P.S. In case you are interested in reading about the results of this study, please leave your email address here and I'll send you a link to the completed thesis later this year

Email: _____

Appendix IV: Questionnaire distribution in social media

Example tweets, LinkedIn and Facebook posts, which were used to distribute the questionnaire.

Example of a Facebook post sharing the questionnaire:



A screenshot of a Facebook post by Leeni Harmainen. The post includes a profile picture, the name 'Leeni Harmainen', and the date '1 July · Helsinki · Edited'. The text of the post reads: 'Hello all you start-up people! Did someone from your company attend Slush 2013? Help me graduate & fill out this mini-survey.' Below the text is a large yellow graphic with abstract shapes. At the bottom of the post, there is a white box containing the text: 'Master's Thesis survey: How is to work in a start-up? Help me study this topic further :) SURVEYGIZMO.COM'. Below the white box are the interaction options: 'Like · Comment · Share · Buffer'.

Leeni Harmainen
1 July · Helsinki · Edited · 

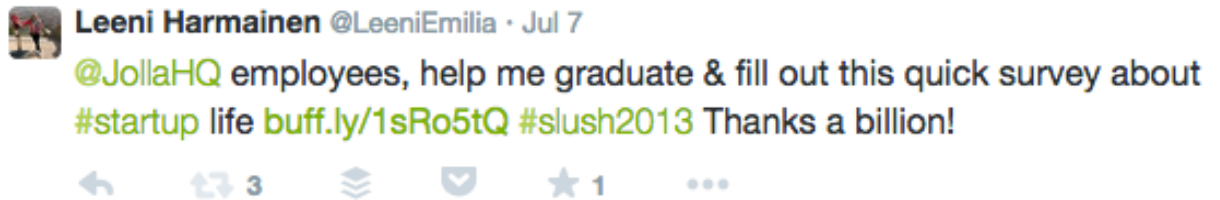
Hello all you start-up people!
Did someone from your company attend **Slush** 2013? Help me graduate & fill out this mini-survey.



Master's Thesis survey:
How is to work in a start-up? Help me study this topic further :)
SURVEYGIZMO.COM

Like · Comment · Share · Buffer

Example tweet used to share the questionnaire on Twitter.



Sometimes the tweets sparked a conversation, like with Holvi.

