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The Effect of Organisational Culture on Employee Wellbeing in Early-Stage High Growth Startups

International Business,
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Bachelor's thesis

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Abstract

Startups carry a promise of changing the world fast, but that same speed can quietly wear down the people doing the building. This thesis examines how organisational culture in early-stage high-growth startups shapes employee wellbeing, asking: **how does startup culture affect employee wellbeing in these environments?** The work is conceptual and theory-driven, drawing on institutional theory, Schein's organisational culture model, the Job Demands–Resources (JD-R) framework and Work–Life Boundary theory to build a multi-level view of the problem.

The thesis proceeds in three steps. First, it identifies the key factors that shape organisational culture in high-growth startups, from founder imprinting and hiring practices to investor expectations and wider ecosystem logics. Second, it analyses how this culture translates into both demands (long hours, uncertainty, blurred boundaries, ownership pressure) and resources (autonomy, purpose, learning) that together influence employee wellbeing. Third, it explores practices that could support wellbeing in high-growth settings, such as clearer work–life boundaries, systematic feedback and support structures, and better tracking of wellbeing over time. It also examines why these practices are often not adopted under current growth and funding norms.

The thesis shows that startup culture is a double-edged sword. The same mechanisms that enable rapid scaling can also create fragile, unsustainable conditions for employees and founders. By reframing wellbeing as a long-term asset rather than a cost, the thesis argues that startups can evolve towards growth models that keep both performance and people at the centre.

Keywords: Organisational culture, employee wellbeing, high-growth startups, job-demands resources (JD-R), work-life boundaries, institutional theory.

Kandidaatintutkielma

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Tiivistelmä

Startupit ovat innovatiivisia yrityksiä, joiden toiminta perustuu usein skaalautuvuuteen ja uuden teknologian luontiin. Startupit tähtäävät nopeaan kasvuun, jolla voi olla merkittäviä hyötyjä pidemmällä aikavälillä yrityksen menestykseen. Nopea kasvu voi kuitenkin myös aiheuttaa haittoja johtajille ja työntekijöille vallitsevan startup-kulttuurin aiheuttamana. Tässä kandidaatintutkielmassa tarkastellaan, miten organisaatiokulttuuri vaikuttaa työntekijöiden hyvinvointiin alkuvaiheen nopeasti kasvavissa startupeissa. Tutkielman pääkysymys on: **miten organisaatiokulttuuri vaikuttaa työntekijöiden hyvinvointiin alkuvaiheen nopeakasvuisissa startupeissa?**

Tutkielma on teoreettinen kirjallisuuskatsaus. Analyysissa hyödynnetään institutionaalista teoriaa ulkoisten paineiden ja startup-ekosysteemin normien jäsentämiseen, Scheinin organisaatiokulttuurimallia kulttuurin muodostumisen selittämiseen sekä työn vaatimusten ja voimavarojen -mallia (JD-R) ja Work-Life Boundary teoriaa hyvinvoinnin tarkasteluun. Näiden avulla hahmotetaan, miten startupien perustajien päätökset, rekrytointi, sijoittajien odotukset ja ekosysteemin kasvupaineet muovaavat kulttuuria, joka tuottaa samanaikaisesti sekä kuormitusta (pitkät työtunnit, epävarmuus, epäselkeät rajat työssä) että voimavaroja (autonomia, merkityksellisyys, oppiminen).

Tutkielman tulokset osoittavat, että startup-kulttuuri voi vaikuttaa työntekijöiden hyvinvointiin sekä positiivisesti että negatiivisesti. Tähän tulokseen päädytään analysoimalla, miten mekanismit, jotka mahdollistavat nopeaa kasvua, voivat myös heikentää työntekijöiden ja johtajien hyvinvointia. Johtopäätöksenä esitetään, että hyvinvointi tulisi nähdä osana kestävää kasvua, eikä sen vastakohtana. Kestävimpien toimintatapojen mahdollistamiseksi tulisi huomioida hyvinvointia samalla tasolla kasvutavoitteiden kanssa.

Avainsanat: Organisaatiokulttuuri, työntekijä hyvinvointi, startupit, työn vaatimusten ja voimavarojen -malli, institutionaalinen teoria, Work-Life Boundary -teoria

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1 Introduction

1.1 Background and context of the thesis

When executed correctly, a high-growth startup has the potential to become a cornerstone of innovation through bringing technological advancement into the hands of the public by turning science and research into conceivable and useful solutions. Startups are a niche organisation type that aims for rapid growth under conditions of extreme uncertainty (Ries, 2019, 8-9). While the main purpose of a startup like most other companies is to create value for shareholders, they also aim to change the world at speed by envisioning outcomes and building in ways no one has before. Startups are often celebrated for their agility, speed and impact (Condom-Vilà, 2020, 19; Koskinen, 2021, 176); however, the same dynamics that enable growth can also produce unsustainable pressure on employees and leaders alike (Bakker & Demerouti, 2007, 312; Koskinen, 2021, 176).

Being conceived in the tech ecosystem of Silicon Valley in the 1970s, startups have evolved from small tech ventures into a globally recognised organisational model (Cockayne, 2019, 2). The success of early internet companies during the dot-com era cemented a culture of speed, experimentation, and investor-driven scaling that continues to define what startups are today (Koskinen, 2023, 813). While the building blocks of startups may still show similarity to its origins, the breadth and reach of the startup ethos has since spread across industries and continents, creating both increased opportunities and pressures for those working within such organisations (Koskinen, 2023, 812-813).

With rapid growth as a key indicator of success in the startup world, major capital is often required to fuel such expansion (Condom-Vilà, 2020, 19). In addition to capital, startups also rely on human resources to spread their wings and move from idea to fully operational system (Davila et al., 2003). By combining capital and talent while utilising an array of company-building techniques to harness their potential, startups are able to dominate markets at a rate in which traditional companies rarely achieve; what once took decades can now happen in a few years (Salamzadeh & Kesim, 2015.). At its best, a startup can go from an idea to international scale within a few years (Condom-Vilà, 2020, 16), while on the other hand, some startups may never reach a customer before ceasing to exist. The very conditions that enable success also create fragility, on average 9 out of 10 startups ever founded fail (Aminova & Marchi, 2021, 41).

With potential for impact comes great risk, which is why startups must navigate the road to growth carefully. From the perspective of institutional theory (DiMaggio & Powell, 1983), startups'

fixation for growth reflects normative pressures within the global startup field. With investors seeking to realise investments into startups, an approach of "growth at all costs" forms a norm as an institutionalised expectation (DiMaggio & Powell, 1983, 147-160). While the primary incentive for startups remains economic gain, an increasing consensus on the ability of startups to shape society and pave the way for innovation has shown that startups are not just economic machines, but vessels to push humankind forward and expand our understanding of what we think can be possible (Gidron et al., 2021, 7-8; Condom-Vilà, 2020, 3-5).

In pursuing rapid growth, many startups adopt this north star of "growth at all costs" (SOET, 2024), which when looked at through the lens of economic gain makes perfect sense. However, when looking deeper into how startups operate and how they grow, there is an increasing amount of concern whether the current model of building startups is responsible, and whether it is sustainable looking towards the future (Cockayne, 2019, 19-21; Koskinen, 2021, 18-21). The Job Demands-Resource model provides a framework to analyse how the paradox between startups providing both high demands, and high resources reflects on employee wellbeing; explaining how high demands (long hours, uncertainty) and high resources (autonomy, purpose) interact to influence employee wellbeing (Bakker & Demerouti, 2007, 309-311). Through understanding how both demands and resources intertwine, founders are equipped to steer the firm with increased precision. Moreover, as startup work often blurs the boundaries between professional and personal life, Work-Life Boundary Theory (Ashforth et al., 2000, 474-476) offers an additional lens for examining wellbeing outcomes.

With hyper growth comes strains that that cannot be dismissed in the form of reduced employee wellbeing, heightened risk of burnout, and unsustainable organisational culture due to a lack of foresight into the future (Bakker & Demerouti, 2007, 312-313; Keeman et al., 2017, 4; Moran, 2022). At the helm of it all, stand the startups leaders and founders, those tasked with steering their ship towards market domination. These leaders aim to create and shape culture within their organisations, which ultimately impact the body of the organisation in countless ways (Schein, 2010, 219-220). According to Schein's (2010) organisational culture model, founders embed values and assumptions that ultimately become organisational norms, cementing their position as cultural creators through repeated action (Schein, 2010, 274-275). Leaders across organisations have responsibility to create culture that benefits not only shareholders, but also employees; one of the core stakeholders of any business.

1.2 Purpose and structure of thesis

With startups being a relatively new phenomenon in the world, their impact on the world around them has only recently become clearer. Research, and as a result regulations, have over time shaped the environment startups operate in, ultimately guiding their impact towards a more regulated path (Condom-Vilà, 2020, 26). However, if we are to zoom in to a deeper level of what happens beneath the surface, we see a more chaotic picture filled with hope, uncertainty, conviction and struggle. This motion blur as a result of speed is what leaves space for instability in the lives of individuals within startups, who are after all the spine of their existence (Bakker & Demerouti, 2007, 315; Koskinen, 2021, 187-188).

The purpose of this thesis is to shed light on the often-overlooked human dimension of startup growth by analysing how organisational culture shapes employee wellbeing in high-growth environments. The thesis proceeds in three parts. First, it identifies the factors that shape organisational culture within high-growth startups. Second, based on this understanding of shaping factors, it analyses how employee wellbeing within startups is affected as a result of organisational culture. Lastly, it explores what factors promote employee wellbeing in high-growth environments, as well as what factors inhibit startups from adopting these practices in their current state. Drawing on occupational wellbeing models such as the Job Demands-Resources and Work-Life Boundary frameworks, the thesis analyses how culture influences wellbeing outcomes (Bakker & Demerouti, 2007, 309-311; Ashforth et al., 2000, 472-488).

The main research question guiding this thesis is: **How does organisational culture affect employee wellbeing in early-stage high growth startups?** To answer this main research question in more depth, this thesis is divided into three sub-questions which all dive deeper into certain aspects of organisational culture, and its effects on individuals within an organisation. The sub-questions in this thesis are:

- What factors shape organisational culture within high-growth startups?
- How is employee wellbeing affected by organisational culture in a high-growth environment?
- What practices promote employee wellbeing in high-growth environments?

Together, these questions provide a framework for understanding how startup culture can evolve toward more sustainable models of growth that support both performance and human wellbeing. To

further address these questions, the analysis utilises a multi-level theoretical approach. Institutional theory (DiMaggio & Powell, 1983, 147-160) frames the external pressures shaping startup norms; Schein's culture model explains internal cultural formation (Schein, 2010, 18, 27-28); the Job Demands-Resources model displays how these cultural features influence wellbeing (Bakker & Demerouti, 2007); and Work-Life Boundary theory highlights the individual experience of blurred professional and personal avenues of life (Ashforth et al., 2000, 472-488). Combining theory with grounded analysis into the domain of startup culture, the thesis aims to give light to the complex dynamics that contribute to employee wellbeing.

1.3 Keywords

Startup: A startup is a human institution designed to create something new under conditions of extreme uncertainty (Ries, 2019, 8).

Early-stage: The early-stage refers to the formative period of a startup when the product or service is still being developed, funding rounds are limited, and teams remain small (typically 2-10 employees). In the context of this thesis, the scope is limited to startups before their series-A funding round (Y Combinator).

High-growth: A high-growth company experiences rapid expansion, commonly defined by the OECD as firms whose average annualised growth in employees or turnover exceeds 20% over three years (OECD, 2021; European Commission, Joint Research Centre, 2017, 5).

Organisational culture: Organisational culture consists of the shared assumptions, values and beliefs that guide how people behave within an organisation and respond to problems of adaptation and integration (Schein, 2010, 18)

Founder imprinting: Founder imprinting is the process through which a founder's personal values, beliefs, and early decisions leave lasting marks on a firm's culture, strategy, and practices (Schein, 2010, 219).

Employee wellbeing: Employee wellbeing refers to the overall quality of an employee's experience at work, encompassing physical, psychological, and social health, job satisfaction, and work-life balance.

Job Demands-Resource model: The JD-R model explains employee wellbeing as the balance between job demands (physical, mental, emotional effort) and job resources (autonomy, feedback, support) that buffers stress and promote engagement (Bakker & Demerouti, 2007).

Work-life boundary: Work-life boundary theory explains how individuals create, maintain, or blur boundaries between work and personal life, influencing role conflict and wellbeing (Ashforth et al., 2000, 472-488).

Startup Ecosystem: A startup ecosystem is the interconnected network of individuals, organisations, and institutions, including entrepreneurs, investors, universities, and government actors, which all collectively support the creation and growth of startups (Condom-Vilà, 2020, 14-51; OECD, 2021).

Founder: A founder is an individual or group (founders) initiating a new venture by assembling resources, developing a vision, and establishing the organisation's early structure and culture.

2 Organisational culture as a shapeable and shaping factor within startups

2.1 Organisational culture as a shapeable factor

Culture is a foundational element of business, which influences how work is coordinated, and how members interpret their environment (Schein, 2010, 17; Hofstede et al., 2010, 6). According to Schein, organisational culture represents the shared assumptions that guide how members perceive, think and feel about problems of adaptation and integration (Schein, 2010, 18). These assumptions are both shaped by and shape organisational life (Schein, 2010, 18-19, 29). Culture is the fabric that ties individuals within an organisation together and positions them to move forward to their collective goal (Schein, 2010, 17, 29-30; Hofstede et al., 2010, 18).

In the context of startups, culture is a valued element of business from the perspective of investors, leaders and employees. Culture shapes many of the actions taken within a business, and thus, is placed at an extremely high priority among leadership (Schein, 2010, 29-30, 33; Koskinen, 2023, 812; Yesil & Kaya, 2013, 428-429). Although leaders often aim to intentionally shape culture, multiple internal and external factors influence the reality of what a company's culture ultimately looks like. Schein (2010, 33, 235-237) identifies leadership as the primary mechanism through which culture is created, embedding values through what leaders pay attention to, measure and reward. Furthermore, according to Schein leaders are the source of culture creation in organisations, with their direct impact increasing the smaller a team is (Schein, 2010, 197-198). After outlining organisational culture at a general level, the next section zooms in on how these cultural dynamics take shape in startup contexts.

2.2 Startup culture in local and global contexts

In the startup context, startups like all other businesses are influenced by the environment in which they exist (DiMaggio & Powell, 1983, 148-149). Factors such as the country in which a company exists can influence what culture within organisations may look like (Hofstede et al., 2010; Van Muijen & Koopman, 1994). While geographical factors play a big role in shaping culture, in the startup world an international identity has come to exist around what it means to be a startup and work within one (Koskinen, 2023, 812-813). From an institutional perspective (DiMaggio & Powell, 1983, 149-151), this shared startup identity reflects isomorphism; the tendency of organisations to adopt similar norms and structures in response to uncertainty and legitimacy pressures.

Characterised by agility, speed, flexibility and creativity, startup culture is unique in the sense that it embodies an almost entrepreneurial spirit that spans from leaders to employees alike (Condom-Vilà, 2020, 21, 29-31). These traits can be seen in companies across the world regardless of geography (Koskinen, 2023, 813, 825). The fast spread of such a unique and distinct business culture can be attributed partially to the internet and globalisation, bringing the world closer together (Koskinen, 2021, 178). As companies across the globe have been built under this incentive system that values certain aspects of how businesses operate, startups have come to form a global startup ecosystem under which these norms and practices exist.

From an institutional theory perspective, organisations do not evolve in a vacuum but adapt to the expectations of the fields they belong to. Startups face coercive pressures from powerful actors such as regulators and investors, normative pressures from professional communities that define what "good" organisations look like, and mimetic pressures as they imitate successful peers in conditions of uncertainty (DiMaggio & Powell, 1983, 148-150; Meyer & Rowan, 1977, 340). Within the global startup environment, these mechanisms are visible in how early-stage startups internalise growth norms and investor expectations. Startups face coercive pressures from investors demanding scalable returns (European Investment Bank, 2024, 15), normative pressures from networks that promote growth ideals, and mimetic pressures as founders model their practices after Silicon Valley cases (DiMaggio & Powell, 1983, 148-150; Pfeffer & Salancik, 1978). These forces standardise priorities and values across startups, ultimately shaping the culture that forms within them.

The startup ecosystem plays a significant role in shaping organisational culture within startups worldwide (Condom-Vilà, 2020, 26). Although its roots lie in the technology hubs of Silicon Valley, this culture has since adapted to regional contexts across Europe, Asia and beyond. Each local ecosystem combines global startup values with pre-existing national or cultural norms, resulting in micro-cultures being formed as a byproduct of startup culture spread (Koskinen, 2021, 177-178). For illustrative purposes, the Finnish ecosystem offers a useful example of how global startup culture merges with national context (Koskinen, 2021, 176). Figure 1 summarises how Finnish national culture compares with the globally dominant startup culture using Hofstede's dimensions (Hofstede et al., 2010). This visual comparison clarifies how global startup logics blend with local cultural values.

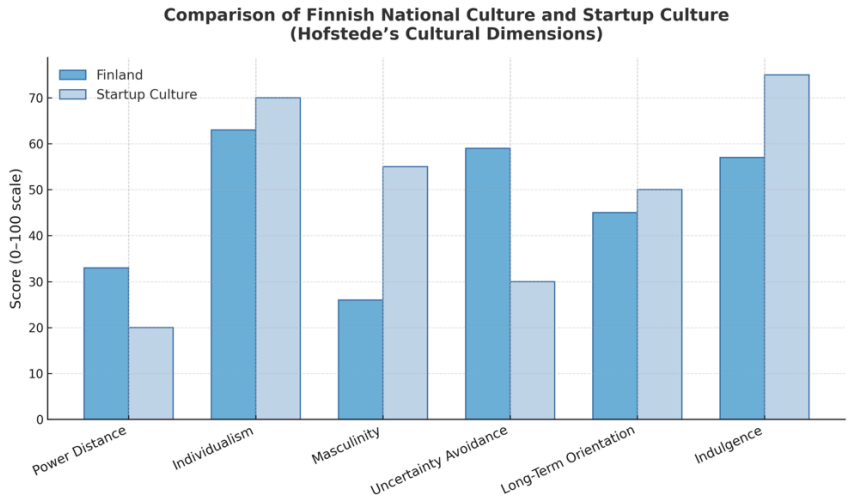

Figure 1 A comparison chart between Finnish national culture and the globally dominant startup culture

When analysing the Finnish context as an example of how startup culture can blend with national culture, we notice that startup culture doesn't replace what already exists, it merely merges into it and creates a new culture of its own (Koskinen, 2021, 175, 178). Hofstede's Cultural Dimensions offer a useful lens for this interaction by highlighting differences between Finnish national values, such as low power distance and high individualism, and the globally dominant startup culture (Hofstede et al., 2010, 31). While the Finnish example illustrates this interaction vividly, similar dynamics can be observed in national ecosystems around the world, where global startup logics interact with local values to produce hybrid cultural forms. These global and local influences form the external environment within which individual startup cultures emerge.

Understanding the environment in which startups operate in clarifies the constraints and factors that shape individual startup culture. Leaders can utilise the aspects of the environment in which they operate to shape culture within their organisations, however for this to happen, one must understand the realm in which a startup operates. Institutionally, national ecosystems function as fields where global and local logics intersect (DiMaggio & Powell, 1983, 147-149; Koskinen, 2021, 175). These overlapping "institutional logics" shape what actions are seen as legitimate or desirable within each context (Meyer & Rowan, 1977, 340-341; Condom-Vilà, 2020, 44). As a result, startup leaders are not only strategists, but cultural interpreters tasked with working between global logics of rapid scaling and local expectations rooted in national business norms. Understanding these pressures clarifies the constraints and opportunities leaders face when shaping culture internally.

2.3 Inside the realm of a startup

Zooming in from the environment in which startups exist into startups themselves, there are numerous factors which all influence culture within startups to varying degrees. When looking at the growth of these high-growth companies, founders and leaders play a major role in defining what the culture within an organisation ultimately looks like (Schein, 2010, 232-233; McCarthy et al., 2023, 6). Schein (2010, 219-222) emphasises that founders act as "primary culture carriers," translating personal values into organisational assumptions through their decisions, hiring, and communication platforms. From the perspective of a founder building a company, the culture they push forward revolves around two main goals: aligning all team members and positioning them to take actions every day towards the goal of growing the company; and creating a culture which invites customers to use their products and alter their future which incorporates the goods and services provided by the firm (Schein, 2010, 73-91). By placing the two at a priority, leaders can focus their efforts on creating values, mission and vision which all support these ideal outcomes. This is consistent with Schein's view that founders imprint underlying assumptions that later harden into norms (Schein, 2010, 18-19; Marquis & Tilcsik, 2013, 198-199), early choices regarding goals and coordination become a template for how actions are taken as a startup grows.

Leaders within startups have an arsenal of ways in which they can shape culture within their firms. When focusing on early-stage startups, the founder's thoughts and actions have the most significant impact on culture (Schein, 2010, 219-220). With small sized teams ranging from 2-10 members (Y Combinator), ways of working, seeing the world around them, as well as communication is largely influenced by how leaders do this themselves. Leaders are able to focus these actions into a certain direction, ultimately becoming an example of what is expected within the organisation, as well as what is recommended for succeeding within said organisation (Schein, 2010, 237). From the perspective of organisational theory, Schein (2010, 236) identifies several primary embedding mechanisms through which leaders shape culture: what they pay attention to, measure, reward, and how they react in crises. In early-stage startups, where leaders and employees interact daily, these cues become powerful cultural shapers.

Moving forward from leaders' actions, a major player in defining organisational culture within startups are the people leaders recruit (Schneider, 1987, 441; Schein, 2010, 98). Leaders can only do so much when it comes to creating and shaping culture, for the people who join a startup always bring their own perspective and culture with them (Schneider, 1987, 441-443). The headcount in a startup can scale rapidly during early growth phases (Y Combinator, SOET, 2024). This exponential

increase in the number of employees opens the risk, and opportunity for organisational culture within startups to be shaped in any given direction (Schneider, 1987, 445-446). Startup leaders often take extra precaution when recruiting to make sure potential new employees fit the organisations culture, as well as being able to grow and evolve with it. This dynamic aligns with the Attraction-Selection-Attrition framework (Schneider, 1987, 448-449), which proposes that organisations attract and retain people whose personal values align with existing culture, reinforcing founder imprinting over time (Marquis & Tilcsik, 2013, 212-213). Furthermore, as startups scale, founders institutionalise their own assumptions through hiring and socialisation processes. Schein (2010, 236) describes this as a cycle in which shared values are reinforced through recruitment, training, and storytelling.

Looking at a startup from above, leaders are also influenced by the board and investors to reach a certain outcome with their operations (Kiviluoto, 2013, 127-128). These external stakeholders represent coercive institutional pressures that prioritise financial performance and legitimise specific growth logics (DiMaggio & Powell, 1983, 150-151). Resource-Dependence theory (Pfeffer & Salancik, 1978) similarly highlights how dependence on external funding shapes internal decisions and values. More often than not, the aim for both investors and board is for the organisation to create a return on investment and return a profit (SOET, 2024; Schrijvers & Volegaar, 2024, 17). This aim towards profit ultimately defines what decisions are made by leaders and what aspects of organisational culture are prioritised (Kiviluoto, 2013, 127-128). When a decision brings profit and other outcomes of operations head-to-head, investors and board members may push the company to decide in favour of profit, instead of secondary outcomes, as this defines the purpose of a startup's existence (Schrijvers & Volegaar, 2024, 19, 22). While Schein's model emphasises internal leader-driven cultural formation, startups also operate under external institutional pressures from investors and boards (Schein, 2010; DiMaggio & Powell, 1983, 147-150). These outside expectations often override or reshape internal assumptions when financial performance becomes paramount.

Founders often set out to build their companies with limited resources, one of which is money. While some startups opt for a route of bootstrapping (Building the company with no external funding and relying on profit from operations to fund growth), external funding is most of the time a necessity to grow at speed (Condom-Vilà, 2020, 20). From the perspective of investors, startups are a risky vessel of investment as 7-9 startups out of 10 invested in fail (Esinli Capital, 2025), and longitudinal evidence suggests that only about one in three nascent ventures ever reach initial profitability (Reynolds, 2016, 3). This said, most venture capital firms and investors follow a power

law distribution where the top 10% of investments would generate 90% of returns to make up for lost investments in failed companies (Esinli Capital, 2025). Regardless of failure or success as a result, investors push founders to grow fast and utilise capital given to them to reach milestones before their runway (The amount of time a startup can run before their cash runs out) ends (Condom-Vilà, 2020, 21).

With growth in startups not just being a choice, but a necessity in order to bring return on investment, founders must shape the culture within their companies to reflect this need (Condom-Vilà, 2020, 21). From an institutional standpoint, this constant push for growth becomes a norm that is taken for granted, or in other words, a "field-level-myth" (Meyer & Rowan, 1977, 340) that organisations reproduce to maintain legitimacy within the startup ecosystem. This leads startups to reproduce the same behaviours across the board, even when unsustainable (DiMaggio & Powell, 1983, 147-149). In the startup world, growth isn't something that is just nice to have, but necessary to ensure life beyond tomorrow. From the perspective of startups being an asset that is designed to create return on investment, one could say founders are a vessel through which targets of growth and profits are converted into actions and direction which the rest of the organisation should follow. Founders may have an innate need for their startup to grow, and this is a necessity for success in the startup world, however, with the added layer of investor pressure, growth becomes not a want but a must, resulting in a defining factor that shapes culture in all startups.

Through these cultural mechanisms, founders not only define how work is done but also the values that determine what is celebrated and what is sacrificed (Schein, 2010, 253-255). As Schein (2010, 16-17) specifies, culture becomes self-reinforcing, meaning it shapes behaviour long after its creator's step aside. In a startup, this embedded system of values directly influences how employees interpret success, failure, and their own contribution to the company's mission. Ultimately, these shared assumptions form the cultural foundation that determines the level of psychological demands and resources employees encounter daily (Schein, 2010, 27-32; Bakker & Demerouti, 2007, 312-313).

Culture within startups is not just a sum of all cultures of the people within it, but a reflection on how these cultures are shaped by the environment they are placed in. The environment founders, leaders, employees, investors and customers operate in has as much of an impact on culture as they do themselves. If the environment permits prioritisation of profit over other aspects of the impact a startup has, then it can be difficult for any other aspect of a startup to take a higher priority (Pfeffer & Salancik, 1978). These cultural inputs shape the everyday demands and resources employees

experience, which the next chapter examines through wellbeing lenses (Schein, 2010, 17-18; Bakker & Demerouti, 2007, 312-313). This connection between organisational culture and the lived experience of work provides the basis for analysing wellbeing through the Job Demands-Resources and Work-Life Boundary frameworks in the following chapter.

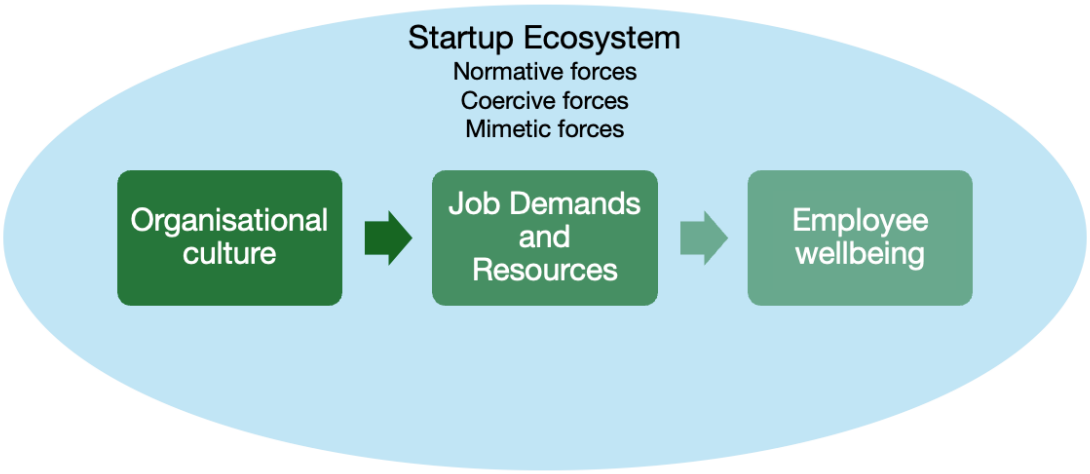

Figure 2 A framework for understanding the effect of startup culture on employee wellbeing

3 The effect of startup culture on employee wellbeing

This chapter delves into how startup culture shapes employee wellbeing both positively and negatively, and what effects it can have on employees. While startup culture can motivate employees through autonomy, ownership and purpose, its intense focus on growth can also lead to burnout and negative psychological effects (Bakker & Demerouti, 2007, 315; Ashforth et al., 2000; Koskinen, 2021, 187-188). Looking through the lens of organisational culture and wellbeing theories, this chapter analyses how wellbeing is shaped in a high-growth environment and delves into practices that can promote sustainable wellbeing.

With growth at all costs set as a target by founders, supported by board and investors, the pressure of growth can cause strains on employees within startups (Pfeffer & Salancik, 1978; Koskinen, 2021, 187-188). Growth does not come out of thin air and requires meticulous work from all members of a team, sustaining maximal performance not just for sprints, but for the marathon that building a startup is. This increased output for long durations of time with seemingly no guaranteed future in sight can build a large mental toll especially on founders and leaders, but equally as much on employees (Bakker & Demerouti, 2007, 315.). While a mental toll as a result of startup culture is a valid risk, startup culture also brings the opportunity for creating outcomes in employees which in other organisational cultures may not exist at such a strong level. The positive and negative effects on employee wellbeing in startups can be analysed through the Job Demands-Resources framework, where resources are closely tied to demands in employee work. The JD-R framework helps us understand the relationship between these different factors, as well as how they can be balanced.

3.1 Positive mechanisms at the organisational level within startups

With startup culture being defined by agility, creativity, autonomy and speed, it creates an environment in which employees are able to thrive in their own domain and progress faster than other environments would permit (Condom-Vilà, 2020, 16, 29; Koskinen, 2023, 825). From the perspective of the organisation, startup culture can be majorly beneficial for the organisation, as the culture can push employees to act more autonomously, thus requiring less input from leaders (Bakker & Demerouti, 2007, 312-313). Employees are also influenced to move fast when working on individual tasks and adopt a rhythm dissimilar to more traditional organisations. Startup teams as a result often work at a much faster pace than those in traditional organisations (Condom-Vilà, 2020, 16). According to the JD-R model (Bakker & Demerouti, 2007, 312-313), job resources are aspects of work that enable goal attainment, stimulate learning and growth, and buffer against

strain. In startups, autonomy, task variety, and meaningful mission act as powerful resources that promote engagement and vitality among employees.

Employees within early-stage startups are not necessarily employees in the traditional sense of the word, where people are employed by a company to do a certain job and execute their tasks within a small arm of the company (Koskinen, 2021, 176). Almost contrary to this, startup employees tend to act as entrepreneurs within their own domain in an organisation. With early-stage startups providing an environment where nothing is set in stone except the past upon which the current stage has been built, startup employees show characteristics of entrepreneurs in the form of creativity, and unorthodox approaches in how tasks are executed (Condom-Vilà, 2020, 19-20.). This comes out of necessity, as often tasks completed by employees have not been done by others before, and instead of repeating a process which others have figured out, early-stage startup employees often must pave the way themselves. When paving the way forward and figuring out how to execute operations, employees also exhibit attributes of being able to wear different hats and adapting to different circumstances to push their goal forward (Y Combinator).

In terms of the JD-R model, autonomy, task variety and opportunities for learning can be seen as major job resources contributing to motivation, engagement and personal growth (Bakker & Demerouti, 2007, 312-313). These resources enable employees to experience a sense of mastery and competence, providing balance to the uncertainty and fluidity typically found in startup environments. From this perspective, the entrepreneurial nature of startup work can function as a powerful enabler of wellbeing and intrinsic motivation in employees, provided that the resources outweigh the accompanying demands.

When it comes to the outcome of the work startup employees achieve, especially the impact this has on wellbeing, there are a number of positive attributes associated with being able to work in a high-paced environment, for an organisation creating impact in the world (Ryan & Deci, 2000, 68-78). Startups often set out to not only build products and make money, but my also aim to create impact in the world and improve the way humans interact with technology (Gidron et al., 2021, 2). This perceived impact ties in closely with the motivation early-stage startup employees have towards working in these environments and the sense of accomplishment they have when stepping into their roles (Ryan & Deci, 2017, 3-4). An early-stage startup may not have the resources to compete with larger companies in terms of higher wages, or better perks, however, what they can compete in is the mission they set out to work on, and enabling employees to leave their imprint on the world (Wiklund et al., 2019, 584).

With an organisation being mission-driven, it positions itself to attract talent not just on the basis of good salary, but on the premise that the work done within the organisation is bigger than the employee, or startup itself. This symbiotic relationship between an individual employee's purpose and the mission of the organisation can result in a heightened sense of accomplishment within the employee. Similar to how entrepreneurial work can offer self-actualisation and a chance to "leave a mark on the world" (Wiklund et al., 2019, 582). Additionally, this can also result in a more dedicated workforce from the perspective of the organisation. When shifting the dynamic from employees working for money, to employees working towards a unified mission, the motivation startups are able to harness from their employees is indistinguishable in comparison to a traditional organisation. These factors satisfy the core psychological needs of autonomy, competence, and relatedness described in Self-Determination theory (Ryan & Deci, 2017, 8), creating intrinsic motivation and psychological wellbeing. Additionally, organisations being mission driven can be seen as a resource from the perspective of JD-R, given that mission isn't the sole resource and is accompanied by complementary resources towards employees. Mission driven environments become a powerful resource that can enhance engagement and buffer against strain; however this must be met by resources such as feedback, support, and opportunities for growth, all of which enable employees to meet high demands inherent in startup work (Bakker & Demerouti, 2007, 315).

From the perspective of an organisation, these factors create the optimal environment for harnessing human capital and positioning it to fuel growth on the journey to possibly create billion-euro companies. The value proposition towards employees is no longer just money and something to do, but the opportunity to leave their imprint on humankind and increase competence in the process (Pierce et al., 2001, 301). With the promise of being able to leave your mark on the world, startups are able to harness out of their employees what other organisations could only dream of; a wholly dedicated team of employees positioned perfectly towards a unified goal of building and scaling an organisation. These resource-rich conditions reflect the underlying cultural assumptions founders embed; valuing initiative, learning, and ownership, all which translate into the daily work design experienced by employees (Pierce et al., 2001, 303). While in theory this may sound like the best way to run a company and maximise value for shareholders, this approach can also provide suboptimal results to a firm in the form of exhaustion, burnout and mental burden which can be detrimental for the goals of a startup. The very attributes that enable startups to harness potential from employees can also be detrimental for the progress of a startup, showing that culture can be a double-edged sword that either makes or breaks a company (Wiklund et al., 2019, 582). Through the lens of the JD-R model, a strong organisational mission acts as a psychological resource that

fuels energy and commitment (Bakker & Demerouti, 2007, 312-313; Koskinen, 2021). However, when unsupported by balance and recovery, it can just as easily transform into a demand that depletes wellbeing (Bakker & Demerouti, 2007, 317).

3.2 Employee wellbeing mechanisms

While startup culture is often designed to maximise organisational performance, it also generates a range of psychological experiences for employees, many of which can function as powerful wellbeing resources. The JD-R framework provides a lens through which this can be analysed where two parallel processes coexist; a motivational process where resources promote engagement, and a health-impairment process where excessive demands exhaust energy and lead to strain (Bakker & Demerouti, 2007, 312-313). From the perspective of employees, startup culture can provide an environment that is deeply fulfilling, exciting and a place where learning happens at a pace not found elsewhere (Koskinen, 2021, 187-188). However, the same conditions that inspire engagement can, under pressure, draw employees into overcommitment (Bakker & Demerouti, 2007, 309, 312-313). Additionally, startups often blur the line between challenge demands that energise and hindrance demands that deplete. Long hours, uncertainty, and constant pivots become chronic demands when unbalanced by recovery and support (Bakker & Demerouti, 2007, 312-313; Ashforth et al., 2000, 474).

Employees venturing into startups may experience a range of positive effects on wellbeing as a result of the work performed in a high growth company. When it comes to early-stage startups, employees may feel as though the work is extremely rewarding in the sense of accomplishment. Because employees can clearly see the impact of their contribution, this sense of progress reinforces intrinsic motivation and deepens their commitment to the organisations mission (Ryan & Deci, 2017, 5; Bakker & Demerouti, 2007, 312-313). This sense of purpose and value increases employees perceived meaning in their work, which from the lens of the JD-R explains how task variety, identity and feedback can contribute to satisfaction among employees (Bakker & Demerouti, 2007, 312-313).

When it comes to feeling a sense of accomplishment and purpose, this often stems from a passion towards a certain aspect of the work an employee does. Being able to work in an environment that ties closely into an employee's passion can deeply improve employee wellbeing and increase work output (Ryan & Deci, 2017, 5; Bakker & Demerouti, 2007, 312-313). Within JD-R, such passion and opportunities for learning function as key job resources that enhance engagement and protect against strain (Bakker & Demerouti, 2007, 312-313).

With heightened curiosity from an employee towards their work, they intuitively create a learning-loop in which curiosity towards work fuels learning on what and how to do in a work context (Ryan & Deci, 2000, 13; Bakker & Demerouti, 2007, 312-313). This continual learning provides psychological resources that support both personal growth and sustained engagement (Bakker & Demerouti, 2007, 312-313). Being able to learn in addition to working in a startup can create an environment for employees in which they are not just executing tasks but also promoting personal and professional growth. An environment in which learning is prioritised not only benefits the company, but also employee wellbeing through giving them a sense of accomplishment through professional growth. This aligns with JD-R on professional growth as a key driver of wellbeing if learning is treated as a resource.

When it comes to a sense of satisfaction, employees are able to feel this through seeing the fruits of their labour come to life after dedicating themselves to a startup. Employees can feel a heightened sense of satisfaction when they see the impact of their work (Bakker & Demerouti, 2007, 314), permitted that the startup continues growing and the work an employee puts into the company provides a return to the employee. In essence, a return can be seen in the form of enhanced satisfaction and reinforced engagement as a result of seeing the impact of one's work. Within the JD-R model, these experiences of achievement and feedback function as job resources that reinforce motivation and satisfaction, sustaining wellbeing even under high demands (Bakker & Demerouti, 2007, 314).

When it comes to employees working within startups, they are often accompanied by other employees with whom bonds and relationships are formed. Employees within startups often share similar traits and can be seen sharing values which further enhance connection (Schneider, 1987, 448). Shared values and similar working styles can reinforce connection, ultimately strengthening social support circles (Schneider, 1987, 444-445; Bakker & Demerouti, 2007, 314). By working with like-minded people, employee wellbeing can be heightened as employees may feel a increased sense of belonging. The sense of belonging ties closely into the human need to belong to a group, which in this context is provided by the startup (Ashforth et al., 2000, 484). From the perspective of the JD-R model, social bonds and sense of belonging serve as job resources that enhance engagement and buffer against stress by fulfilling employees' social and emotional needs (Bakker & Demerouti, 2007, 312-313).

In summary, employees in early-stage startups often experience their work as highly meaningful and engaging due to resources such as autonomy, task variety, opportunities for learning, and

alignment between personal passion and organisational purpose. These psychological and social resources, reinforced by a strong sense of belonging, can significantly enhance satisfaction, motivation and overall wellbeing. While all of these factors promote wellbeing, in the logic of the JD-R model, the same cultural features that serve as resources can also become vulnerable points when demands intensify or recovery is limited. This dual nature of the effects on employees provides the basis for understanding the potential risks and trade-offs discussed in the following chapter.

3.3 Potential risks and trade-offs of startup culture for employee wellbeing

While a fast-paced environment can provide a range of benefits that promote employee wellbeing, these factors can also result in a plethora of negative effects if not balanced by sustainable habits from employees, and guidance from leaders (Bakker & Demerouti, 2007, 312). Within the JD-R framework, job demands refer to aspects of work requiring sustained physical or psychological effort e.g. time pressure, role ambiguity, and emotional strain, all which can lead to fatigue when recovery resources are inefficient. Factors such as extended working hours, instability in work, a lack of divide between personal and professional life can all lead to a lack of employee wellbeing in early-stage startups (Ashforth et al., 2000, 476, 480; Bakker & Demerouti, 2007, 316; Koskinen, 2021, 179). While culture can be seen as a major contributor to these factors, what determines whether they play out is down to employee and leadership actions (Schein, 2010).

The same passion and mission alignment that often motivate employees in startups can also develop into a source of pressure (Ryan & Deci, 2000, 13; Bakker & Demerouti, 2007, 312-313). Strong identification with the organisations purpose may lead individuals to internalise ambitious goals as personal obligations, driving them to exert effort beyond unsustainable limits (Ryan & Deci, 2000, 13). When combined with high uncertainty and limited recovery time, purpose-driven work can shift into overcommitment, where intrinsic motivation can become a demanding psychological load. In the JD-R framework, passion thus functions as a dual mechanism, a resource under balanced conditions, but also a potential strain when demands stack up (Bakker & Demerouti, 2007, 312-313.).

With early-stage startup providing unpredictable environments, a lack of stability can also pour into the lives of employees, damaging employee wellbeing (Koskinen, 2021, 187-188; Ashforth et al., 2000, 474). In comparison to traditional firms, where stability may be a given, work in startups can change within weeks as the direction of the company pivots to another (Condom-Vilá, 2020, 16). Such rapid shifts can leave employees without a clear sense of continuity, disrupting routines that

typically support stability. Startups often face changes of direction and pivots especially in the early-stage (Bortoloni et al., 2018, 8) as a result of aiming to find product-market fit. This lack of stability and rapid change of direction can lead to employees feeling disoriented, which can lead to frustration and a reduction of motivation among employees (Bakker & Demerouti, 2007, 317). While changes in direction may be necessary from a leadership standpoint, these changes should be brought onto employees with their wellbeing in mind to enable sustainable growth and retain employees in the long run. Within JD-R, instability and frequent pivots represent demands that require constant adaptation and emotional effort. When not balanced by sufficient resources such as clarity, communication, and support, these demands can deplete energy and undermine wellbeing (Bakker & Demerouti, 2007, 315).

While pivots can affect the wellbeing of the entire organisation and create an unstable environment, factors such as long working hours can affect wellbeing regardless of changes in direction. With a lack of resources and small number of employees paired with big targets and a culture of speed, employee working hours can on average rise higher than average workplaces (Koskinen, 2021, 179; Bakker & Demerouti, 2007, 313). Increased working hours can lead to long term exhaustion, increased stress and reduced amount of recovery time; all which can lead to burnout in the long run (Bakker & Demerouti, 2007, 313). Startup culture may promote spending long hours in the office (Koskinen, 2021, 179; Condom-Vilà, 2020, 21) and leaders may promote culture in which employees are praised for spending more time working than they should. While this can provide short term benefits towards company objectives, this can also harm the business due to lack of performance as a result of reduced employee wellbeing. Viewed through the lens of JD-R, high demands (workload, time pressure, role ambiguity) with insufficient resources (recovery, support) can predict strain and burnout (Bakker & Demerouti, 2007, 312-313.). While work tasks can be seen as a major contributor to increased working hours, in startups the line between personal life and professional life can sometimes become blurry (Ashforth et al., 2000, 472, 488). Over time, this overlap can gradually erode boundaries that typically enable recovery.

When it comes to shaping the culture of an early stage startup, creating bonds and connections between employees is important, however, as time moves forward this can lead to employees' personal lives being filled with time spent with co-workers. When the divide between personal and professional life starts to disappear, employees can end up feeling as though their entire life is filled with work, which can lead to imbalance with other aspects of life (Ashforth et al., 2000, 474). This imbalance can on one hand lead to higher dedication as they are constantly surrounded by a work environment, however, on the other hand this can also lead to fatigue through inadequate room for

mental recovery and exposure to non-work contexts. Work-Life Boundary theory (Ashforth et al., 2000, 472-473), explains how individuals manage, or fail to manage, the physical, temporal, and psychological boundaries between professional and personal life. In the startup context, high integration and constant connectivity can make segmentation difficult, increasing role conflict and reducing capacity for recovery. While integration can enhance belonging, excessive overlap can produce strain and identity diffusion. From a JD-R perspective, work events and time spent with the team can be seen as a resource if balanced correctly, however, it can also present itself as a demand when the result towards employees is negative (Bakker & Demerouti, 2007, 312).

When employees' lives are filled with work related experiences, employees can end up feeling as though their life has turned purely into work with little space for other activities. This can create a loss of identity within employees, which can ultimately derail them from the reason they set out to join the startup in the first place. A loss of identity can be detrimental for employee wellbeing, as this can lead to a lack of direction and purpose, both of which can harm progressing toward company objectives (Ashforth et al., 2000, 475). From a work-life boundary perspective, this represents a dynamic where employees experience integration so strong that their sense of self becomes tied to organisational outcomes, heightening vulnerability to stress and burnout.

Looking at contributing factors to this loss of identity, the path towards this usually stems from high ownership of an employee's domain, as well as employees attaching success with the outcome of their actions (Pierce et al., 2001, 301, 303). Employees within early-stage startups are given high levels of ownership over their tasks, meaning they are able to execute and progress on their own terms, as long as an agreed upon outcome is reached. While this can provide freedom and autonomy, it can also increase the amount of stress experienced by employees who carry full responsibility for outcomes within their domain. This ultimate freedom paired with ultimate risk can create high levels of stress if approached in the wrong way. Psychological ownership (Pierce et al., 2001, 299, 303) describes the feeling of possessiveness and responsibility individuals develop toward their work. In startups, such ownership pushes forward commitment but can also become a liability when success or failure feels personally defining, intensifying stress under uncertainty (Pierce et al., 2001, 303-304). Within the JD-R model, this represents how autonomy and ownership, typically powerful resources, can turn into demanding stressors when accompanied by high uncertainty and insufficient support (Bakker & Demerouti, 2007, 312-313).

By combining the effect of potential risks and trade-offs startup culture poses towards employees, a clear picture emerges indicating how the very strengths of its culture can turn into its biggest

weaknesses if not approached correctly. Once the impact of culture influences employee wellbeing negatively, the effects on employees can rise in the form of stress, exhaustion, identity loss among others. Throughout time, these effects can compound because of inadequate time for recovery and rapid growth, culminating these stressors into outcomes of burnout, harming employee's capacity to work, and ultimately diminishing the capability of a startup's workforce (Bakker & Demerouti, 2007, 319).

3.4 Building wellbeing in startups

By analysing the effects of startup culture on employee wellbeing, startups can adopt practices that promote it. Using the theoretical examination to paint a picture of a double-edged sword which presents itself as startup culture, we find that the same factors that promote it, also have the capacity to harm it. Utilising this knowledge, founders have the ability to not only shape culture but form a system through which profit and wellbeing can thrive in unison (Schein, 2010, 91-92). Startups not only have the power, but the responsibility to guarantee employee wellbeing is a priority. Foremost for the sake of the employees, but also for the long-term sustainability of the firm.

Startups have a range of systems and factors to tinker with in order to improve employee wellbeing throughout early-stage growth. When a company is born, leaders set out with a hypothesis on how the world will react to their idea (Ries, 2019, 57; Bortolini et al., 2018, 6). Around this idea a culture forms which receives inputs pushing into a desired direction (Schein, 2010, 18). These inputs are dictated by the purpose of a startup and value it wants to bring to the world. By placing employee wellbeing as an equal priority to profit, the values within the decision mechanism shift towards a strategy that takes it into account the future of both. This shift in priority can impact the growth of a startup, but only if looked at through the lens of profit. Reframing wellbeing as a form of long-term growth helps leaders justify decisions that prioritise sustainable work practices. In order for a startup to improve employee wellbeing, leaders must change the priorities within its culture to reflect decisions towards it. In practice, this means implementing wellbeing initiatives that act as resources within the organisation such as systems that restore energy, provide feedback, and strengthen social support. From recent research, organisational-level interventions can reduce exhaustion, although its effects are modest and evidence remains limited (Bes et al., 2023, 1211). From a JD-R perspective, these initiatives enhance motivation and shield against excessive demands, sustaining engagement even under the intense pace typical of startup environments (Bakker & Demerouti, 2007, 315).

3.4.1 Practices that promote wellbeing in startups

According to JD-R, organisations in which employees have sufficient resources tend to see higher engagement and performance (Bakker & Demerouti, 2007, 316). Growth in a system where employee wellbeing flourishes requires practices that could on one hand slow down growth, but on the other create a stronger foundation with which to build a more robust startup in the future. In comparison to a traditional startup, this would take the form of a ship in comparison to plane when looking from the angle of growth-velocity, prioritising robustness over maximum velocity.

When looking at the factors that cause a reduction in employee wellbeing, increased work hours can be combined with a lack of recovery resulting in increased stress (Bakker & Demerouti, 2007, 320). By setting a cap to working hours, leaders are able to provide space in between work during which to breathe–a necessary part of sustainable work-life balance. Encouraging segmentation between work and non-work domains supports recovery, aligning with Work-Life Boundary Theory's emphasis on boundary management (Ashforth et al., 2000, 472, 488). Leaders can implement norms and systems that discourage work outside agreed hours, resulting in a fulfilment of contract and increased recovery in employees. This may require leaders to hire more employees; however, leaders must re-evaluate their operational expenses to better assign resources to aspects that require it.

As a result of re-assigning resources, key targets of growth may have to be re-evaluated to respect the current nature of the company. When increased manpower would be required, startups can prioritise building revenue with its current resources. Often revenue growth is proceeded by repeatable actions that have been turned into systems (Ries, 2019, 177). Through building systems that scale, leaders are able to mature a startup to a level robust enough to handle a new employee, after which a startup can increase its team capacity. Viewed through Schein's (2010, 236-237) lens of organisational culture, this transition from ad-hoc growth to systemised scaling marks a deeper cultural shift. One where the organisation learns to value endurance and structure as much as speed and experimentation.

By removing the growth pressures contributing to a lack of employee wellbeing, startups can focus efforts internally on how it can further be improved. Systems can be implemented through which the wellbeing of employees can be monitored and reacted to at a fast and accurate pace. Speed and accuracy are vital to keeping employee wellbeing in check. Startups can implement systems through

which employee wellbeing on an individual level can be identified, tracked and flagged for when it dips. Through implementing systems for internal analytics, leaders can apply resources to promote employee wellbeing when and where it is needed. With the JD-R model, these feedback and monitoring systems function as organisational resources that enhance responsiveness, enabling leaders to balance demands and resources in real time to protect wellbeing (Bakker & Demerouti, 2007, 312-313).

Startups can adopt a number of systems that can aid them in tracking and promoting employee wellbeing. Weekly routines within a startup can incorporate employee wellbeing as a necessary and valued aspect of work, which can take the form of individual discussions between leaders and employees. This aligns with evidence that structured workplace wellbeing activities can reduce stress and improve wellbeing (Keeman et al., 2017, 1-3). By pushing for the organisation of one-on-one meetings, leaders are able to understand and communicate with employees better. Within these meetings, leaders can dedicate time solely used for gauging employee wellbeing. In addition to performance reviews, general wellbeing can be reviewed to provide an understanding of it (Bakker & Demerouti, 2007, 312-313).

Looking at it from organisational culture theory (Schein, 2010, 235-237), the behaviours and practices leaders repeatedly emphasise, such as regular wellbeing discussions, communicate what is valued within an organisation and over time shape shared assumptions. In this way, routine one-on-one meetings become a cultural mechanism through which leaders embed wellbeing as a core organisational value rather than a secondary norm. While leaders can utilise meetings for gauging wellbeing and reacting to it, all signs may not be clear from above in comparison to horizontally. Meetings with peers can also improve employee wellbeing by providing a peer support system through which employees are able to provide feedback, support and communicate with others (Bakker & Demerouti, 2007, 312-313).

By gaining an understanding of employee wellbeing at any point of startup growth, leaders can implement systems through which access to resources that prevent and help recover from lowered employee wellbeing. This aligns with evidence that organisational interventions can help reduce exhaustion over time (Bes et al., 2023, 1211), and with findings that workplace wellbeing programs combining primary and secondary interventions can reduce stress and improve employee wellbeing (Keeman et al., 2017, 1-3). These systems can take the form of weekly questionnaires on how an employee perceives their current mental state from all aspects of employee wellbeing. Through analysing these systems, leaders are able to flag any decreases in wellbeing and accurately support

employees in the aspect they need. Startups can provide employees with access to adequate medical and therapeutic support to help promote employee wellbeing to employees that require more resources as a result of leaders decisions. Additionally, startups can incorporate habits into daily work that promote employee wellbeing, such as encouraging regular physical activity (Keeman et al., 2017, 3) or providing nutritional food options, further retaining wellbeing over time. Within JD-R, these initiatives serve as organisational resources that support employees from working with excessive demands, replenish energy, and strengthen the motivational pathway that sustains engagement over time (Bakker & Demerouti, 2007, 312-313).

Reflecting on the analysis gathered regarding employee wellbeing, leaders are able to analyse what decisions historically lead to a decrease in employee wellbeing and use these to shape future decisions to increase it. By learning from past trends in the growth of a startup and applying these lessons to future building, leaders are able to continue building a more sustainable base upon which to grow further. These practices act as organisational resources that rebalance the JD-R system, converting cultural ideals of speed and autonomy into sustainable performance norms (Bakker & Demerouti, 2007, 312-313).

3.4.2 Factors that inhibit the adoption of wellbeing practices in startups

If the knowledge and practicalities on improving employee wellbeing exists, then what stops startups from adopting a more sustainable approach to growth? Framing growth and wellbeing in the same picture can lead to deceleration in speed (Condom-Vilà, 2020, 21; Koskinen, 2021, 178-179). When the main value to be created by a company is profit, growth towards it tends to take priority over other goals (Pfeffer & Salancik, 1978), which in startups can lead to overlooking wellbeing, either evident or not to leaders. In other words, the chase for high-growth in early-stage startups can partially inhibit them from adopting wellbeing practices (Condom-Vilà, 2020, 21; Koskinen, 2021, 178-179). Despite the availability of wellbeing practices, institutional logics within the startup ecosystem often prioritise growth and investor return over sustainability (DiMaggio & Powell, 1983, 147-149; Meyer & Rowan, 1977, 340-341). From the perspective of institutional theory, these coercive and normative pressures discourage leaders from allocating time or capital to wellbeing initiatives (DiMaggio & Powell, 1983, 150).

This aim towards fast growth in traditional startups often stems from a short runway imposed by investors and the reality of building a company (Condom-Vilà, 2020, 27-28; SOET, 2024). If not profitable, money can only last so long before operations turn dark unless revenue is built, and operations cannot rely solely on investor funding. The ‘growth-at-all-costs’ imperative functions as

a field-level myth: a taken for granted belief equating rapid scaling with legitimacy. Adhering to this myth preserves external legitimacy even when it undermines internal health (Meyer & Rowan, 1977, 340-343.). Startups rely on investor funding to run operations which pressures leadership to create a return (Laitinen, 2017, 2). Resource Dependence Theory (Pfeffer & Salancik, 1978) further clarifies this constraint: dependence on venture funding creates power asymmetries that bind founders to investor expectations. As a result, wellbeing initiatives often yield to short-term financial metrics. Additionally, the pressure to create revenue sets a target which cannot be placed on a calendar (SOET, 2024). These two factors prioritise building in a certain direction which can neglect employee wellbeing, over time leading to dual pressure points that constrain leaders' ability to prioritise wellbeing. Startups should aim to reach profitability with the first few years of operation, as delaying this can greatly reduce the likelihood of ever reaching it (Kiviluoto, 2011, 140-141; Reynolds, 2016, 2-3). The earlier a startup reaches profitability, the faster it is able to reduce pressure that often contributes to strain within startups.

From the perspective of leaders, culture can be difficult to shift once set out to build a startup in the current form of the ecosystem (Schein, 2010, 16-17). A substantial shift in the priorities and values of a startup must shift to nurture employee wellbeing and perceive it as an asset. As Schein (2010, 18) notes, organisational culture is rooted in shared assumptions and values that leaders embed early on, making later change particularly challenging. The pull towards this culture shift could require changes in investment criteria and expected timeline for ROI (Pfeffer & Salancik, 1978; SOET, 2024). Additionally, it could also require startups to adopt new practices on how they are built, restructuring the DNA of how startups are conceived (Ries, 2019). Without shifts in institutional rewards, micro-level practices end up competing with growth incentives (institutional theory), thus making it difficult to prioritise wellbeing (DiMaggio & Powell, 1983, 147-150; Meyer & Rowan, 1977, 340-341). By seeing a startup not as an engine to create profit, but an organism that provides sustenance, founders are able to build startups that not only grow but stand the test of time. To summarise, the pace of culture change slows down the creation of an ecosystem in which either actor would shape actions towards prioritising employee wellbeing.

Looking at inhibiting factors from the lens of founders; instability, identity-loss, and chronic stress can lead to a lack of foresight caused by the tunnel vision growing at speed can cause (Ashforth et al., 2000, 472-488; Bakker & Demerouti, 2007, 309-321; Koskinen, 2021, 187-188). Just as employees, founders are not exempt from the negative effects of growth pressures, which can lead to the same, if not worse outcomes due to higher ownership of work. Being constantly under pressure can make it difficult for founders to diligently always assess the current state of the

organisation. When it comes to improving employee wellbeing on an organisation level, founders are limited by their own workload and capacity for endurance. Within the JD-R framework, this reflects an imbalance between excessive job demands and insufficient recovery resources (Bakker & Demerouti, 2007, 312-313). When founders operate under chronic strain, their own reduced wellbeing can cascade throughout the organisation, limiting their capacity to support employees effectively (Schein, 2010, 235-237; Bakker & Demerouti, 2007, 318). As a result, founder wellbeing can influence improving employee wellbeing. Understanding these institutional inhibitors highlights why sustainable culture change requires shifts not only within startups, but across the broader ecosystem that defines their success criteria. Together with the practices outlined in 3.4.1, this makes visible how the same cultural and institutional forces that power early growth can either be redirected to sustain employee wellbeing or left unchecked to undermine it. To summarise the analysis above, Table 1 brings together the main mechanisms through which startup culture affects employee wellbeing, related wellbeing practices, and key factors that inhibit their adoption.

Mechanism in startup culture	**Effect on wellbeing (JD-R lens)**	**Practice that promotes wellbeing**	**Inhibiting factor**
Autonomy, ownership and broad roles	Increases motivation and meaning, but raises risk of overcommitment and difficulty detaching.	Clarify roles and workloads; use regular one-to-one discussions to reprioritise and reset expectations.	Growth norms that glorify constant availability and "going the extra mile".
Mission-driven work and strong identification	Mission boosts engagement, but identity fusion blurs boundaries between self and work.	Frame mission alongside sustainable contribution; explicitly legitimise protecting life outside work.	Field narratives that idealise "all-in" sacrifice and hero founder stories.
Speed, uncertainty and frequent pivots	Creates strong challenge demands that energise in the short term but can exhaust over time.	Build simple rhythms (sprints, retros, planned pauses) to add stability and recovery moments.	Short runway and aggressive growth targets that reward continuous acceleration.
Blurred boundaries and always-on connectivity	Reduces psychological detachment and recovery, increasing risk of chronic strain.	Agree limits on working hours and communication; encourage segmentation where possible.	Global customers and expectations of 24/7 responsiveness.
Tight-knit teams and peer culture	Strong social support, but also pressure to keep up and hide difficulties.	Create regular peer meetings and check-ins where sharing struggles is normalised.	Norms equating resilience with not showing weakness in a small team.
Founder workload and wellbeing	Founder strain can cascade through the organisation and limit support for others.	Founders model sustainable behaviour, delegate, and actively protect their own recovery.	Dependence on founders' personal effort and internalised "always on" founder ideals.

Table 1. Mechanisms through which startup culture affects wellbeing, and related practices and inhibiting factors

4 Conclusion

To conclude, this thesis has delved into the world of startups and explored the question of how organisational culture affects employee wellbeing in early-stage high growth startups. In response to the first sub-question, the thesis finds that organisational culture in early-stage startups is shaped by both external ecosystem pressures (institutional logics, investor demands) and internal founder-driven choices (imprinting, hiring, values). In terms of the second sub-question, the analysis shows that startup culture affects employee wellbeing through both positive and negative mechanisms, consistent with the Job Demands-Resources model. In addressing the third sub-question, the thesis identifies practical practices that promote wellbeing, and explains why institutional constraints often inhibit their adoption. The findings in this thesis collectively highlight how startup culture affects wellbeing both positively, and negatively in early-stage startups.

Throughout the thesis, we find that organisational culture within startups is a multifaceted phenomenon shaped by numerous factors, which influences people within an organisation to perform certain professional habits. The effect of ecosystem incentives on culture, and culture's effects on employees can be seen to play out in both negative and positive ways, depending on how employees react to it. Additionally, the answer to how organisational culture in startups can prioritise wellbeing as well as profit is evident through a shift in priorities and thus, a shift in action towards these priorities. Inhibiting factors to this change exists, however, change must emerge from either within startups, or the broader ecosystem for it to be adopted across the world. Lastly, by integrating Institutional theory, Schein's model of cultural embedding, the Job-Demands Resources framework, and Work-Life Boundary theory, the thesis demonstrates how external pressures and internal cultural mechanisms jointly shape employee wellbeing.

The main contribution of this work can be summarised on a conceptual, practical and theoretical level. Conceptually, this thesis has brought together and synthesised fragmented research on startup culture and wellbeing, into a coherent framework that explains how organisational culture shapes employee wellbeing in early-stage startups. Practically, the thesis has identified why startups struggle to implement wellbeing practices despite its importance in furthering business objectives, as well as offered insight into how these practices can be utilised. Lastly, from a theoretical perspective, this thesis contributes by demonstrating how established organisational culture and wellbeing theories behave differently in early-stage, high-uncertainty startup contexts. More specifically, the thesis suggests that existing wellbeing frameworks understate how strongly external ecosystem pressures shape the balance of demands and resources inside startups.

Compared to JD-R applications in more stable organisations, early-stage startups combine unusually high resources (autonomy, learning, mission) with equally extreme, investor-driven demands, making the double-edged nature of these resources more visible. Similarly, Work-Life Boundary theory has typically examined integration and segmentation as individual choices; here, the analysis shows how startup culture and ownership structures push employees toward deep integration by default. By connecting these micro-level experiences with institutional and resource-dependence perspectives, the thesis adds a more multi-level view to existing theories of organisational culture and wellbeing.

When it comes to practical implications, the findings in this thesis can be relevant in shaping the landscape within which startups operate and restructure the incentive system that currently prioritises unsustainable company building. With relevance to startup founders, early-stage leaders, HR leaders and investors, prioritising sustainable startup culture can not only affect employee wellbeing positively, but in the long run enable the creation of a more robust foundation that supports building even bigger and more profitable businesses in the future. Realising the effect cultural decisions made in the beginning have on the future of a startup, leaders are able to prioritise decisions that enable long term growth, not short-lived hype.

As this thesis has covered a mainly theoretical approach to the research, it is limited in not being able to prove causality. It has also been conducted on a conceptual, not empirical level. Furthermore, the phenomenon of startup wellbeing can differ by industry, stage and funding level, meaning the findings in this research gives a general view into startups, but lacks specificities. This said, the scope of this thesis has intentionally been limited to early-stage startups, as in terms of culture, this stage often has the biggest impact on a startup's future. Lastly, the thesis relies on theories from traditional organisation research, meaning some of the frameworks may not fully reflect startup reality.

Looking towards the future, this thesis serves as a base for future research. Empirical studies can be conducted to find out how early cultural practices impact wellbeing in startups 1-3 years later. Furthermore, research into different stages and industries of startups can be conducted to produce a more coherent understanding of cultural impact. Additionally, research into startups that succeed and fail from the perspective of organisational culture can give better insight into the effects of startup culture, and how it enables or hinders startups from reaching their objectives. Further research into founder wellbeing can also be conducted, as founders have major impact in making sure employee wellbeing is at a sufficient level (McCarthy et al., 2023, 6).

Ultimately, this thesis shows that startup culture is both an engine for innovation and a potential source of strain. Understanding how cultural forces shape employee wellbeing is essential for building startups that are not only high performing, but sustainable for the people who run them. As the startup ecosystem continues to evolve, integrating wellbeing into the core cultural design is of utmost importance to create organisations that can grow without breaking the individuals who build them.

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Appendices

I have used AI (OpenaAI, ChatGPT-5.1) as a supportive tool during the thesis process. AI was used in the following stages: brainstorming possible research questions, clarifying the structure of chapters, improving the academic clarity of sentences I had written, and receiving general feedback on the coherence of sections. Example prompts included:

1. Does this research question make sense?
2. Is the flow of this section logical?
3. How could I write this sentence in a more academically literate way?

AI was not used to generate thesis content, arguments, analysis, or literature review material. All substantive ideas, structure, theoretical discussion, and conclusions were written independently by me. I made sure to review all AI assisted suggestions for accuracy and ensured all sources and concepts were checked directly from academic literature.