



# Shaping Startup Culture in Croatia: The Role of Internal Marketing in Fostering Growth

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## Abstract

**Background:** The startup scene in Croatia has been accelerating in development in the last decade, partly due to the available European Union funds. Organisational culture is one of the main prerequisites for the growth and development of successful startups. Internal marketing is often crucial to reshaping positive organisational culture and fostering innovative employee behaviour. **Objectives:** The purpose of this article was to investigate a main characteristic of the startup culture in the Republic of Croatia in order to recommend actions and activities of internal marketing that can help companies achieve their goals faster by engaging and motivating their employees and fostering a positive culture change. **Methods/Approach:** Survey research was conducted on a sample of employees of Croatian startups. The main informant approach was used to collect the answers. **Results:** The analysis reveals that as startups grow, they enhance gender diversity and opportunities for idea sharing yet face challenges in maintaining autonomy and constructive feedback. Additionally, mentoring, as one of the venues of internal marketing within startups, significantly bolsters adherence to company principles and fosters a culture of constructive problem-solving, highlighting the critical role of mentorship in shaping a positive organisational environment. **Conclusions:** Results show that startups in the Republic of Croatia still have an opportunity to develop further and improve employee-focused culture and to apply several internal marketing activities in order to engage and retain their employees, such as internal communication, professional development, employee benefits, employee recognition and employee engagement.

**Keywords:** Startup, Organizational Culture, Internal Marketing, Croatia

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## Introduction

The labour market has never been as competitive as it is today. As a result of globalisation, the world is more interconnected than ever before. Technological advances enable interconnection and demand for the development of innovative solutions for specific industries. Companies must adapt to the new demands and dynamics of the market and use their resources properly to achieve maximum profitability and maintain their competitiveness. In response to market demands, companies create innovation as value (Zhao et al., 2020). This is exactly the reason why startup companies emerge. They are described in the literature as newly founded companies that experience rapid growth and development but often have limited business experience (Nikolić & Zorić, 2014). With a low initial investment, startup companies bring developed ideas, product prototypes, and the entrepreneur's desire to present their product, which offers innovative solutions, to the market (de Freitas Michelin et al., 2023). According to recent research, startups play a significant role in creating job opportunities in the United States and are responsible for almost all net new jobs in recent years (Kauffman, 2020). Startups' focus on knowledge and innovation drives market dynamism and competitiveness, resulting in quick growth, betterment, and increased productivity (Decker et al., 2014). Startups' size and lack of hierarchy and bureaucracy make them more agile and flexible, allowing them to respond to market demands more quickly than larger organisations, giving them a competitive advantage (Kollmann et al., 2016). Additionally, startups are recognised for shaping society's values, emphasising a proactive and unique cultural mindset towards work (Schein, 2010).

Startup companies emerged primarily in response to technological advances in the United States in the 1990s. Still, because of their global span, the culture of startup companies quickly spread throughout the world. Indeed, specific and fast solutions created with an innovative approach and modern management methods have proven to be a very successful form of business. Employees of startup companies often do not follow traditional work patterns. For example, they could work remotely, work from other countries, further their education, and bring pets to work, which can reflect supervisors' concern for their employees and thinking outside the box in terms of work styles, considering that they often emerge from Z-generation (Nguyen Ngoc et al., 2022). Accordingly, a different form of leadership can also be observed in startup companies (Rubik, 2021), with universities often playing an important role in their development (Guzikova, 2020). Namely, because they are smaller companies to begin with, in terms of the number of employees, there is not much of an organisational hierarchy, so immediate supervisors are available and often involved in operational decisions. In addition, supervisors grant freedom of decision-making within the team and encourage knowledge transfer, recognising that investing in the knowledge of colleagues not only benefits themselves but also fosters team spirit and a sense of belonging to the company, which is one of the determinants of corporate culture. Currently, there are about 60 startup companies in Croatia, although there is no legal framework defining them, and the definition is based on the European Union's determination. However, several companies in Croatia call themselves startup companies and successfully run their business with the characteristics of startup culture. Companies such as Bellabeat, FIVE, Infinium, Rimac, and similar offer their employees the working conditions mentioned above and have significant growth and expansion in the global marketplace typical of startup companies, even though some of them have outgrown the above definition.

Based on this, the purpose of the paper is to research a main characteristic of the startup culture in the Republic of Croatia to recommend actions and activities of

internal marketing that can help companies achieve their goals faster by engaging and motivating their employees and fostering a positive culture change. The paper aims to provide insights into the startup scene in Croatia and suggest ways companies can improve their employee-focused culture through internal marketing activities. There are two main research goals:

- RG1: Will the Croatian startups with a positive and supportive work environment, as measured by factors such as mentorship, decision-making autonomy, and workload balance, have higher employee satisfaction and retention rates than those with a negative work environment?
- RG2: Will the level of education and duration of employment of employees in Croatian startups have a significant impact on their understanding of the company's mission and vision, as well as their perception of the workplace atmosphere and the way mistakes are handled in the team?

The paper is organised into several sections. It begins with an introduction that sets the context for the study, followed by a background section discussing the startup scene in the Republic of Croatia, followed by a section regarding the significance of organisational culture, leadership, and employee demographics within the startup environment. The methodology section outlines the research approach, including the use of a web survey to collect data from Croatian startup employees. The results section presents the key findings, highlighting elements of organisational culture, leadership characteristics, and correlations between variables. The conclusion summarises the primary research outcomes, emphasising the positive and proactive nature of organisational culture in Croatian startups. It also suggests the need for further exploration in specific areas. The recommendations for managers at the end of the paper offer practical advice for startup leaders, focusing on fostering a positive work environment, addressing gender-related differences, promoting mentorship, and supporting employees' decision-making autonomy. The limitations section acknowledges the constraints of the study, primarily the small sample size due to the limited number of startup companies in Croatia.

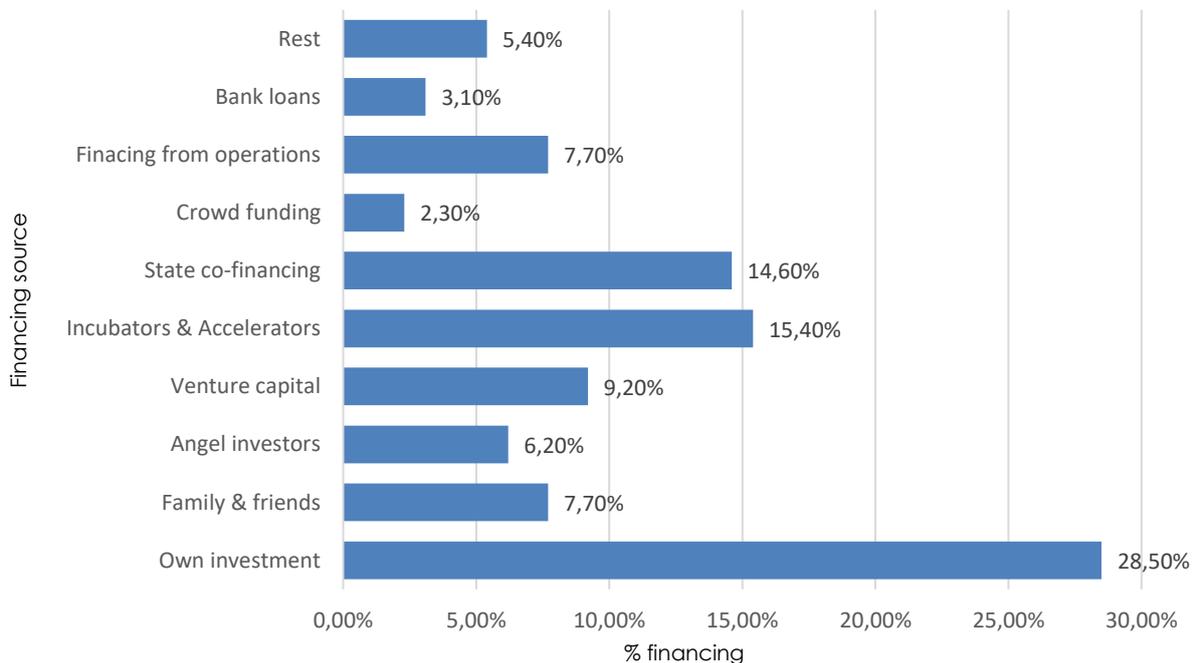
## Startup scene in the Republic of Croatia

To describe the atmosphere of startup companies more accurately in Croatia, it is necessary also to examine the participants in the startup ecosystem or the active participants who support the development of startup companies. Institutional sponsors of startups are the Ministry of Economy and Sustainable Development, the Croatian Agency for SMEs, the Croatian Chamber of Commerce, the Croatian Employers' Association and the Croatian Bank for Reconstruction and Development. Development of the initial phase of startup companies (excluding financing) can also be supported by entrepreneurial centres, entrepreneurial incubators, and entrepreneurial accelerators (Nikolić & Zorić, 2014). These sponsors provide their support if the startup company applies to a public tender according to certain criteria. Furthermore, entrepreneurial centres are defined as a form of organised advisory assistance to entrepreneurs at the county level, and there are 35 such centres in Croatia. Entrepreneurial accelerators support startups for a longer period because it takes some time to attract investors (three to six months). Like entrepreneurial accelerators, entrepreneurial incubators are support before the official opening of startup companies (Morić Milovanović et al., 2021). Such incubators support an entrepreneur-to-be from the initial idea to the moment of starting a company. They are the first step towards self-employment and additional motivation for entrepreneurs to dare to take the next step towards their own company. During the incubator time, an entrepreneur learns about solving the daily operational business challenges,

encounters and creates a network of business associates, and develops the brand and its value propositions with the help of the incubator staff (Nikolić & Zorić, 2014).

There are several types of entrepreneurial incubators: state incubators, corporate incubators, franchise incubators, incubators as independent enterprises and incubators of different universities. In the official register of entrepreneurial infrastructure in the Republic of Croatia (Single Register of Entrepreneurial Infrastructure - JRPI), there are around 60 currently active business incubators. They do not necessarily help in the beginning only of startup companies because the startup is not regulated in the legal framework of the Republic of Croatia. Still, they significantly help in launching a number of different new companies (some of them can be startups). Regarding startups, Croatia is far from Silicon Valley, which has up to 40,000 active startups; recent Croatian history, including the independence war and transition to a market economy, formed a startup culture relatively late. Compared to most markets, Croatia is also a very small country with only a 1.8 million work active population (Croatian Bureau of Statistics, 2022) and an ageing population with an average age of 43 years (CBS, 2021). When it comes to financing startups in Croatia, recent research (Sokić, 2021) shows that the most important source of financing is the founders' investment (28.5%), followed by incubators or accelerators (15.4%) and state co-financing (14.4%) (Figure 1).

Figure 1  
Main financing sources of Croatian startups



Source: Sokić (2021)

It can be concluded that in Croatia, motivation and financial assistance remain under the influence of individual entrepreneurs. Own financing by the founders, also called *bootstrapping*, is defined as financing without external investment. Thus, the initial resources are brought by the founders themselves, which can mean greater control over the development of the startup company. However, this is possible only if

the new startup company does not require significant investments and is quickly profitable. On the other hand, state co-financing within Croatia refers to the support of state institutions when taking out bank loans. An example of a state subsidy is HBOR (Croatian Bank for Reconstruction and Development), which provides lower interest rates for small enterprises and self-employed workers. Also, being a member of the European Union contributes to subsidies where European Union (EU) funds can support the development of newly founded companies. Sokić (2021), in his thesis, identified around 60 startups in Croatia.

StartupBlink (2022), a webpage devoted to following startups around the world, cites a larger number of 152 startups in Croatia. Most startups are found in Zagreb (82), as it is the biggest city and capital of the country, followed by Rijeka (32) and Split (14). According to the same report, Croatia lost 8 spots in the Global Startup Ecosystem index since year 2022, having now positioned itself as 45<sup>th</sup> worldwide.

## Literature review

### *Organisational culture in startups*

With the development of technology and increased globalisation, the market turns towards modern organisational cultures. To identify a healthy organisational culture, indicators such as loyalty to the enterprise, easier acceptance of tasks, good interpersonal relationships within the company, employee satisfaction, and many others can be used. A positive company culture should be maintained by managers and by employees themselves, following the values of the company.

In startup companies, culture is the set of values, beliefs, and practices that guide the behaviour of individuals within the organisation. It shapes the way things are done in the company, including the way employees interact with one another, the way decisions are made, and the way work is done (Schein, 2010). Culture in startup companies is made up of several elements, including values, norms, symbols, and language. Values are the beliefs and principles that the startup company considers essential. They guide the behaviour of employees and are a crucial aspect of the company culture (Azeem et al., 2021). Norms represent the unwritten rules that guide behaviour in the organisation. Norms are the accepted ways of doing things and are an essential aspect of the company's culture (Canning et al., 2020). Symbols are the visible representations of the company's culture. Symbols can be logos, artefacts, or even office designs (Schein, 2010). The language used in the company reflects its culture. The choice of words and tone of communication can impact the company's culture (Azeem et al., 2021).

Culture has a significant impact on the success or failure of startup companies. A positive culture can attract and retain talented employees, increase productivity and innovation, and enhance the company's reputation. On the other hand, a negative culture can lead to high turnover rates, low morale, and a lack of innovation. A toxic culture can also lead to legal and financial issues, as well as reputational damage (Ali et al., 2023). Creating and maintaining a positive culture in a startup company requires effort and commitment from the company's leadership. The first step is to define the company's values, norms, symbols, and language. The startup company should also hire employees who share these values and beliefs. To maintain a positive culture, the company should reinforce these values through employee training, performance management, and leadership behaviour. The company should also seek feedback from employees to identify areas where the culture can be improved (Bhardwaj & Kalia, 2021). Establishing and maintaining a positive culture in startup companies can be challenging. It requires time and effort to define the company's values, norms,

symbols, and language. Startups may also face challenges in hiring employees who share these values and beliefs. The company's leadership may struggle to maintain a positive culture as the company grows and changes (Paais & Pattiruhu, 2020).

Startups are primarily a newly founded companies with a smaller number of employees (initially) within which teamwork and cooperation are encouraged. Startup enterprises often provide "alternative" forms of work, such as remote work. According to the EU Startup Monitor Report 2020/2021, 10% of startups plan to relocate their business to another country. The most popular countries for moving startups, according to the report, are Germany (17%), the United States (13%), and Portugal (13%). Startups that a group of founders founded usually try to display a sense of belonging and teamwork. They are usually open for employees to show diversity and encourage innovation. Employees are given autonomy of work and the ability to make independent decisions, which significantly improves the time from idea to realisation because there are not so many steps in making decisions. Employees there get a direct insight into the purpose and meaning of their work. Founders, as first employees, often take better care of the working space and conditions, providing space for resting, entertainment, exercising, food availability, green corners with plants, and similar. Since employees have the freedom and opportunity to use the space where they work also for fun and recreational activities, they will have more inspiration for innovative solutions. In addition, access to pets is allowed, which also aims to affect pleasure. Startup founders are open to receiving feedback and are easily accessible to all employees because the hierarchy is not as formal as is the case with the traditional organisational culture in large companies (Lee, 2022). The determinants of a startup ecosystem can also foster a positive startup culture as it can be a facilitator of positive behaviour, enabling stimulating educational, legal and financial conditions in which startups will be faster created and developed while also using a good example of other successful startups and their organisational culture.

### *Internal marketing in startups*

Internal marketing refers to the process of promoting and communicating the values, goals, and objectives of an organisation to its employees. This involves creating a positive and supportive work environment, providing training and development opportunities, and promoting a strong corporate culture. The ultimate goal of internal marketing is to engage employees, increase their motivation and commitment, and align their goals with those of the organisation (Huang, 2020).

Startups often face a range of challenges in the early stages of their development, including limited resources, intense competition, and the need to build brand awareness quickly (Wiesenberg et al., 2020). In this environment, internal marketing can play a critical role in helping companies achieve their goals by engaging and motivating employees, fostering a positive corporate culture, and aligning employees' goals with the company's overall mission and vision (Wolf et al., 2022). Internal marketing, the process of creating a positive and supportive work environment for employees, is crucial to the success of startups. By focusing on employee engagement and satisfaction, startups can foster a culture of innovation, collaboration, and performance that drives growth and success. The main tasks of internal marketing, therefore, include:

1. Attracting and retaining employees: A positive work environment and supportive culture can help startups attract and retain employees who are committed to the company's mission and values. By investing in employee training and development, startups can also help their employees grow and

develop professionally, which can increase their motivation and engagement (Czinkota & Ronkainen, 2007; Mukul & Saini, 2021).

2. Building a strong brand identity: Internal marketing can help startups build a strong brand identity by promoting the company's values and mission to employees. When employees understand and believe in the company's mission, they can serve as ambassadors, promoting the company to customers, suppliers, and the wider community (Mingione & Abratt, 2020).
3. Improving employee satisfaction and motivation: A positive work environment and supportive culture can improve employee satisfaction and motivation, which can, in turn, increase productivity and enhance the company's overall performance (Kanchana & Jayathilaka, 2023).
4. Enhancing customer satisfaction: By engaging employees and aligning their goals with those of the organisation, internal marketing can help startups deliver a consistent and high-quality customer experience, which can improve customer satisfaction and loyalty (Men et al., 2021).

Effective internal marketing in startups includes employee training and development, engagement initiatives, recognition programs and clear communication. For example, providing employees with training and development opportunities can help startups build a skilled and motivated workforce. This can include providing opportunities for employees to attend workshops and conferences and offering in-house training programs (Heimler et al., 2020). Startups can engage employees by creating opportunities for them to get involved in the company's activities, such as volunteer work, charity events, and team-building activities (Mathwick, Mallett, & La Roe, 2001).

Recognising and rewarding employee achievements can help startups increase employee motivation and satisfaction. This can include acknowledging individual and team successes and providing incentives such as bonuses and promotions (Robbins & Judge, 2017).

Finally, startups can improve employee engagement by communicating clearly and transparently with employees about the company's mission, values, and goals. This can include regular all-hands meetings, company newsletters, and intranet portals (Prommer et al., 2020).

### *Employee engagement and satisfaction in startups*

Employee engagement is a measure of how committed and invested employees are in their work and the success of the company. When employees are engaged, they are more likely to be productive, stay with the company, and be advocates for the company's products and services. In startups, where resources are often limited, and the stakes are high, engaged employees are essential to success. Research has shown that engaged employees are more likely to innovate, collaborate, and work effectively as a team (HBR, 2017).

One of the key drivers of employee engagement is the sense of purpose and meaning in their work. Startups are often built around a mission or purpose that is larger than the individual products or services they offer. When employees understand and are aligned with this mission, they are more likely to be engaged and motivated to contribute to the company's success (Bailey et al., 2016). In addition to engagement, employee satisfaction is also critical to the success of startups. Satisfied employees are more likely to be productive, stay with the company, and provide good customer service (Bailey et al., 2016). A positive work environment, with clear goals and expectations, opportunities for growth and development, and recognition for hard work and achievements, is key to employee satisfaction (Robbins & Judge, 2017).

Internal marketing is an essential aspect of any startup's success, providing a range of benefits, including attracting and retaining employees, building a strong brand identity, and improving employee satisfaction and motivation. By investing in internal marketing, startups can help build a positive and supportive work environment, foster a strong corporate culture, and align employees' goals with the company's overall mission and vision.

## Research methodology and sample

To analyse startup culture in the Republic of Croatia, survey research has been conducted on employees of Croatian startups. A highly structured web survey was used to collect responses. The sampling frame included all the registered startup companies in the Republic of Croatia, according to the EU startup database, where 180 startups were registered from the year 2004 – 2022. Out of the total number, 147 were found to be still active and received questionnaires. There were 30 fully completed questionnaires returned, which accounts for a response rate of 20.4%. Responses have been collected during December 2022.

The sample was non-probabilistic, as startup companies in the Republic of Croatia have been actively targeted, and the main purpose of the research was to gain insight into the organisational culture of Croatian startups. The survey consisted of 26 questions that were, according to Schein (2010), divided into three categories: (i) Culture within the company - recognition of the company's vision, assessment of the atmosphere within the team, the attitude of direct superiors towards employees; (ii) Leadership - evaluation of the superior as an implementer of the mission and vision of the company, relationships within the team, feeling of the possibility of making mistakes; (iii) Startup features - autonomy in decision-making, belief in the innovativeness of the product. Additionally, sociodemographic characteristics of respondents, such as gender, age, level of education, and length of the employment in the company, were also collected.

For most questions, where appropriate, a 5-point Likert scale has been provided with points from 1 strongly disagree to 5 strongly agree with the survey statements. There have been correctly recorded 30 surveys, which puts some limitations on advanced statistics such as factor analysis. However, because of a very small and limited startup scene in Croatia, a large sample was not expected. Data have been processed in IBM SPSS v. 24 software.

Sample descriptions according to the gender, age structure, education level and duration of employment are provided in Table 1. The gender structure indicates that 56.7% of the participants were male, while 43.3% were female. In terms of age structure, the majority fell into the 26-32 age range (46.7%), followed by those aged 33-40 (26.7%), with 18-25-year-olds representing the smallest group at 6.7%. Those over 40 years of age accounted for 20% of the sample. When it comes to education level, the most common category was "MS" (Master degree), with 76.7% of the participants holding this degree, followed by "MSc" (Master of Science) at 6.7%. High school and bachelor's degree holders made up 3.3% and 10% of the sample, respectively, and one participant had a Ph.D. In terms of duration of employment, 33.3% had worked for up to 1 year, 23.3% had been employed for between 1 and 2 years, and 43.3% had more than 2 years of employment. Regarding first employment, 16.7% of the sample reported that it was their first job, while the majority (83.3%) had previous work experience.

Table 1

Sample characteristics (N=30)

Characteristic	Modalities	Frequency	Percent	Cumulative %
Gender	Male	17	56.7	56.7
	Female	13	43.3	100
	Total	30	100	
Age	18-25	2	6.7	6.7
	26-32	14	46.7	53.3
	33-40	8	26.7	80
	over 40	6	20	100
	Total	30	100	
Education	High School	1	3.3	3.3
	Bachelor's Degree	3	10	13.3
	MS	23	76.7	90
	MSc	2	6.7	96.7
	PhD	1	3.3	100
	Total	30	100	
Employment	up to 1 year	10	33.3	33.3
	1- 2 years	7	23.3	56.7
	+2 years	13	43.3	100
	Total	30	100	
First employment	Yes	5	16.7	16.7
	No	25	83.3	100
	Total	30	100	

Source: Authors' work

## Results

### Startup characteristics

The characteristics of the startups for which the respondents work show that most of them came from larger startups with more than 50 employees (46.7%), while only 3.3% came from small startups employing less than ten employees, as shown in Table 2.

As startup companies often produce innovative solutions for existing larger companies, it was important in the research to gain insight into mentorship and its recognition by employees. In addition, mentoring means transferring part of the culture to the startup company. Regarding the question about mentorship, the majority of respondents, i.e., 46.7%, answered that initial mentorship was present within the startup company.

Table 2

Number of employees and the utilization of mentoring in Croatian startups (N = 30)

Characteristic	Modalities	Frequency	Percent	Cumulative %
Number of employees	up to 10	1	3.3	3.3
	11-25	6	20.0	23.3
	26-50	9	30.0	53.3
	over 50	14	46.7	100.0
	Total	30	100.0	
Mentoring available	No	14	46.7	46.7
	Yes	16	53.3	100.0
	Total	30	100.0	

Source: Authors' work

## Organizational culture and leadership characteristics of Croatian startups

Table 3 presents the descriptive statistics for the selected cultural value statements. Key insights reveal that employees have a strong grasp of their work's meaning, scoring an average of 4.53, with a relatively low standard deviation, indicating consistent responses. This aspect, along with the equal opportunity for idea presentation within teams, which scored the highest average of 4.80, suggests a workplace that fosters a clear sense of purpose and inclusivity in decision-making processes. The innovation metrics also stood out, with perceptions of the company's products being competitive and in demand and considered innovative and cool, both scoring above 4.3 on average.

Conversely, challenges were noted in the realm of work pressure and task overflow, especially highlighted by a lower score of 3.03 for having to do work beyond the job description due to staffing shortages and the pressure to develop new products swiftly, scoring 3.13 on average. These areas indicate potential stress points and workload management issues within the company.

Table 3

Descriptive statistics for the selected cultural values statement (N=30)

Statements:	N	Min	Max	Mean	SD
Understand the mission and vision of the company	30	1	5	4.23	1.006
The company has clear values that it stands for	30	1	5	4.17	1.053
Contribution to social well-being by the company	30	1	5	3.97	1.189
Can clearly understand the meaning of work in their workplace	30	1	5	4.53	0.900
Satisfaction with the current position	30	2	5	4.07	0.828
The atmosphere in the workplace is motivating and positive and encourages innovation.	30	1	5	4.10	1.062
Sense of security in the workplace	30	2	5	4.13	0.973
Due to a lack of employees, they have to do work beyond the job description	30	1	5	3.03	1.474
Decisions are quickly implemented into a specific product	30	2	5	3.77	0.935
Products the company produce are competitive and in demand	30	2	5	4.30	0.794
Believe the products of the company are innovative and cool	30	2	5	4.40	0.968
Mistakes are not judged but solved constructively in the team	30	1	5	4.40	0.855
Mistakes are constructively communicated by superiors searching for a solution	30	1	5	4.47	0.937
Often under pressure from job requirements to develop a new product as soon as possible.	30	1	5	3.13	1.196
Can make own decisions within a team	30	2	5	4.20	0.847
Decisions are easily confirmed with a small number of superiors (max 2)	30	2	5	4.37	0.850
Immediate superiors adhere to and promote the main principles of the company	30	1	5	4.33	1.184
Immediate superiors clearly communicate business objectives	30	1	5	4.10	1.125
Equal opportunity for idea presentation in a team	30	3	5	4.80	0.484

Source: Authors' work

### *Differences in attitudes according to gender, age and duration of employment*

The results indicate that statistically significant differences between men and women were found regarding the assessment of the *atmosphere in the workplace is motivating, positive and encourages innovative thinking* ( $M_{MEN}=4.50$  and  $M_{WOMEN}=3.77$ ) and *sense of security in the workplace* ( $M_{MEN}=4.50$  and  $M_{WOMEN}=3.85$ ), with a significance level of less than 5%. For the assessment of the workplace atmosphere:  $t = 2.06$ ,  $p < 0.05$ , which means that there is a statistically significant difference between men and women in assessing the workplace atmosphere. For a sense of security:  $t = 2.05$ ,  $p < 0.05$ , which indicates a statistically significant difference between men and women in assessing workplace sense of security. In both cases, the p-value is less than 0.05, which means that the differences are significant at a significance level of less than 5%. However, it is important to note that statistical significance does not necessarily imply a large practical significance, and further investigation should be conducted to explore how these differences impact the experience of employees in the workplace.

Results in employee attitudes considering age: the initial four age categories (18-25, 26-32, 33-40, and over 40) were combined into two. The largest differences were observed in attitudes about the ability to make *independent decisions within the team*. Differences between the two groups are statistically significant ( $t = 3.03$ ,  $p < 0.05$ ).

For the duration of employment variable, two original categories of work experience were also combined into one - Up to one year and Between one to two years. The largest differences exist in terms of job demand pressure to develop a new product as soon as possible, with longer duration of employment being associated with greater pressure. Then, in cases where respondents have to do work outside their job description due to a lack of employees, the situation is reversed - individuals with shorter work experience, on average, agreed more often with the statement. In this case, the difference is also statistically significant ( $t = 2.6$ ,  $p < 0.05$ ). Respondents with shorter duration of employment time agree to a greater extent that decisions made are quickly realised into a concrete product, compared to those with longer duration of employment ( $t = 2.06$ ,  $p < 0.05$ ). Although differences were observed between the two groups of employees with different durations of employment for other statements, they were not found to be statistically significant.

The correlation analysis revealed the following statistically significant correlations between the following variables. When delving into startup environments, it becomes apparent that there are complex connections between employee composition, demographics, workplace culture and the act of mentoring. These relationships weave together to construct a story about the inner workings of contemporary startups in Croatia.

First, number of employees in a startup is positively correlated with number of women employed ( $r=0.417$ ,  $p<0.05$ ). Besides, the number of employees is positively correlated with the statement *Equal opportunity for idea presentation in a team* ( $r=0.418$ ,  $p<0.05$ ) and negatively with *Mistakes are not judged but solved constructively in the team* ( $r=-0.382$ ,  $p<0.05$ ), *Due to lack of employees I have to do work beyond job description* ( $r=-0.665$ ,  $p<0.01$ ), and *I can make my own decision within a team* ( $r=-0.422$ ,  $p<0.05$ ). With the growth of startups comes an increase not only in size but also in gender diversity. A positive correlation has been observed between employee count and female representation. However, this expansion presents both opportunities and challenges for these companies. Although larger startups are more adept at providing equal opportunity to present ideas, tension arises due to negative effects on

problem-solving from errors committed, the ability of employees to refuse extra work because of personnel lacking, decision-making independence as well as communication quality struggles, posing a potential difficulty with maintaining individual empowerment during rapid scaling phase.

Second, age of employees is positively correlated with employment duration ( $r=0.509$ ,  $p<0.01$ ). For younger employees, there is also a greater chance of this being their first employment. There is a negative statistically significant correlation between gender and statement. *Mistakes are constructively communicated by superiors searching for a solution* ( $r=-0.370$ ,  $p<0.05$ ), which implies that women less agree with this statement compared to men. There is also a significant statistical correlation between the age of employees and a statement that an employee *can make his own decisions within a team* ( $r=0.473$ ,  $p<0.01$ ). Therefore, the story of the startup is enriched by its employees' demographics. Age plays a significant role in determining both tenure and decision-making autonomy, with older workers benefiting more than youthful ones. While inexperienced newcomers often see startups as their entryway to professional life, veterans who have been around for longer are given greater leeway. However, there exists a considerable gender gap regarding how feedback is received; women tend to experience communication about errors less positively than men do.

Third, education level is significantly statistically correlated with the size of a startup ( $r=0.419$ ,  $p<0.05$ ), meaning that in a larger startup with more employees, there are more highly educated ones compared to the small startups. Education level is also negatively correlated with *Understanding the mission and vision of the company* ( $r=-0.397$ ,  $p<0.05$ ), with the *atmosphere in the workplace being motivating, positive and encouraging innovative thinking* ( $r=-0.398$ ,  $p<0.05$ ), and with *Mistakes not judged but solved constructively in the team* ( $r=-0.438$ ,  $p<0.05$ ). Another intriguing aspect of a startup's workforce is its educational background. Typically, larger startups have more employees with higher levels of education; however, this can lead to certain drawbacks, such as less comprehension towards the company's mission and vision, a lacklustre work environment regarding innovation and motivation, and fewer opportunities for constructive problem-solving. Essentially, it highlights an incongruity between highly educated personnel expectations versus what they will encounter in their startup workplace reality.

Fourth, the duration of the employment is negatively correlated with the statement *Due to lack of employees; I have to do work beyond the job description* ( $r=-0.505$ ,  $p<0.05$ ). It is worth noting that a negative relationship exists between tenure and the need to fulfil tasks outside job responsibilities within startups, suggesting roles and duties become more defined as these organizations develop or resources are utilized optimally.

Finally, mentoring of startups is positively correlated with the statement that *Immediate superiors adhere to and promote the main principles of the company* ( $r=0.440$ ,  $p<0.05$ ), *Understand the mission and vision of the company* ( $r=0.423$ ,  $p<0.05$ ), *Mistakes are not judged but solved constructively in the team* ( $r=0.445$ ,  $p<0.05$ ), *Mistakes are constructively communicated by superiors searching for a solution* ( $r=0.401$ ,  $p<0.05$ ). Mentoring within startups is essential to establish a positive organizational culture, clear communication channels and effective problem-solving strategies. A strong correlation exists between mentoring and an unwavering loyalty to the company's principles, comprehensive comprehension of its mission and vision, nurturing constructive approaches towards problems, and encouraging optimistic prospects for growth. Thus, it shows the vital role that mentorship has in establishing firm foundations for successful business operations.

The account presented here conveys a vivid depiction of the intricate and varied system that exists within Croatian startup companies. Aspects such as expansion and variety offer advantages but also pose difficulties, while factors like demographics, education, and guidance work together to mould the fundamental character of these enterprises. The ultimate goal is to create an atmosphere that promotes inclusivity, innovation, and empowerment across all levels of operations.

## Conclusion

The research conducted a comprehensive analysis of startup culture in the Republic of Croatia using a descriptive research methodology. The study employed a highly structured web survey to collect responses from Croatian startup employees, targeting multiple aspects of organizational culture, leadership, and employee demographics.

Based on the data and analysis presented in the paper, the cultural characteristics and leadership styles of startups in Croatia can be summarized as follows for the purpose of fulfilling the first research goal (RG1).

Croatian startups exhibit a predominantly positive and proactive organizational culture. This culture is characterized by open communication, collaboration, and a focus on efficiency. Employees tend to understand the mission and vision of their companies, perceive clear corporate values, and believe that their work contributes to social well-being. They also report a motivating and positive work atmosphere that encourages innovative thinking. Mistakes are seen as opportunities for constructive problem-solving rather than harsh judgment. Furthermore, employees have a sense of security in the workplace and believe that their ideas have equal opportunities for presentation within the team.

Leadership within Croatian startups is described as open, communicative, and collaborative. Leaders are focused on achieving goals efficiently. They adhere to and promote the core principles of their companies and clearly communicate business objectives. They also value individual and team autonomy, enabling employees to make their own decisions and quickly implement them into concrete products. In terms of product development, startups aim for competitiveness and innovation.

The second research goal (RG2) aimed to investigate how demographic factors, such as gender, age, education, and work experience, influence employees' perceptions of cultural values in Croatian startups. From the data, it seems that demographic factors do have some influence on employees' perceptions of cultural values within Croatian startups as follows. Results highlight statistically significant differences between men and women in their perceptions of the workplace atmosphere and the sense of security. Women tend to rate these aspects slightly lower than men. Further research may be needed to understand the practical implications of these differences. Younger employees tend to have a greater sense of autonomy in decision-making within their teams compared to older employees. However, no statistically significant differences were found in other cultural value perceptions. Employees with higher education levels tend to work in larger startups with more employees. They may have slightly lower perceptions of understanding the company's mission and vision, the motivating workplace atmosphere, and the constructive handling of mistakes.

Further research might delve deeper into the implications of education level on cultural values. Finally, employees with longer work experience tend to feel more pressure to develop new products quickly. However, they report less frequently doing work beyond their job description due to a lack of employees. Additionally, longer work experience is associated with a higher likelihood of experiencing mentorship within the startup.

In conclusion, the research provides valuable insights into the organizational culture and leadership characteristics of Croatian startups, demonstrating an overall positive environment that fosters innovation and collaboration. On average, employees show that they are very satisfied with their jobs and the companies they work for. Furthermore, they clearly understand corporate mission and vision. The main sources of employee dissatisfaction are understaffing and time pressure to do all the necessary work within a given schedule. The results show that startups in the Republic of Croatia have much room to develop further and improve the employee-focused culture and apply a number of internal marketing activities in order to engage and retain their employees, such as internal communication, professional development, employee benefits, employee recognition, and employee engagement. In order to stay competitive, it is of paramount importance for startups to attract and retain exceptional talents by keeping employee satisfaction and motivation high so that they can work enthusiastically and contribute to the fast growth and development of the startups they work for. However, the study also identifies areas where further exploration is needed in order to understand better the implications of these findings and their potential impact on employees' experiences in the workplace, such as the investigation of gender differences in depth, exploration of the relationship between startup size and cultural aspects, further examination of the impact of mentorship on organizational culture, and to assess the impact of organizational culture on startup success.

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