



## **MPM – Master of Project Management**

### **How can a leader build a high-performing culture?**

Review and case study

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# **HOW CAN A LEADER BUILD A HIGH-PERFORMING CULTURE? A REVIEW AND CASE STUDY.**

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## **ABSTRACT**

A company's culture can make or break its success. What is it that really matters to employees and how can leaders build and maintain a high-performing organizational culture? What drives culture and what are the factors that contribute to an increased performance? This research paper is meant to dive into the success factors previously researched and compare them to the practice of GRID's leadership team and their way of building and maintaining a successful organizational culture.

## **1. INTRODUCTION**

I have always been intrigued by how organizational culture is built and why it is the way it is. What influences it and how it affects people, employees, leaders, and performance.

The purpose of this paper is to look at how a leader can build a high-performing culture within an organization. This will be done by looking at the many definitions of leadership and culture, previous research, and how their interplay affects performance within the organization. GRID is a respected tech start-up that is known in the Icelandic scene for its great culture and leadership skills, so it was interesting to see how they put that into practice. This paper compares their way of building the company culture to previous research.

In much of the literature, it has been found that to lead others, one must first and foremost lead oneself. It is important to know your own values, and what you stand for to be able to lead with integrity and honesty. To develop the skills of a

good leader, it is important to know and trust your own emotions, which will help you in making tough decisions with a clear mind. Leadership is also known to drive culture. Leaders are the keepers of culture. A great leader leads by example and holds her- or himself to the same standards as anyone else.

GRID puts great emphasis on working on their culture, making sure that everyone feels heard, appreciated, and in good balance. They have implemented great ways of doing so by, among other ways, hiring a coach for each employee to benefit from, regular in-house doctor visits, and regular questionnaires to evaluate workload and stress levels.

## **2. LITERATURE REVIEW**

In the literature review part of this paper, we will look at how different people have defined leadership and its various aspects, organizational culture, the relationship between culture and performance, and their interplay for a company's success.

### **2.1 Leadership**

"There are almost as many definitions of leadership as there are persons who have attempted to define the concept" (Stogdill, 1974).

"Leadership is a set of processes that creates organizations in the first place." It is about creating a vision, inspiring others, and creating a sense of urgency (Kotter, 1996). Leadership is not bound to seniority nor is it about titles or ranks, it is about rolling up your sleeves and getting down and dirty. It is about leading by example; you don't automatically acquire people's commitment; you must inspire it. This is also a great way to build trust (Kouzes & Posner, 2017). Leadership is not based on gender, race, religion, age, or education. It isn't found in certain areas of the world either. Leadership is found all over the world, anywhere you are willing to look (Kouzes & Posner, 2017).

To be a good leader you must first and foremost lead yourself. You must know your values, what you stand for, and why. In becoming the best leader, you can be, you must become the best person you can be. Once you have found your inner voice, you can speak with integrity and honesty as your whole self as well as inspire others to identify their own values and find the courage to speak about them. You will have the courage to navigate demanding situations and make tough choices and decisions. Leadership development is essentially self-development (Kouzes & Posner, 2017). To develop the essential leadership aptitudes, you need to understand and trust your feelings and emotions. Doing so will enhance your ability to form clear thoughts and take important action (Jonasson & Ingason, 2019). When a leader learns to put themselves first, realizes that everyone is dealing with their own challenges, and practices compassion for others, business starts to flourish (Seppälä & Cameron, 2022).

Humility is frequently associated with low self-esteem and a sense of unworthiness but on the contrary, humility in leadership is the willingness to self-reflect, to see oneself accurately, and the tendency to put oneself and others in perspective. The five characteristics associated with humility are (1) Accurate self-awareness: a severe appreciation of oneself; (2) Appreciation of others: the recognition of the contributions of others; (3) Teachability: openness to learning from others; (4) Low self-focus: low ego; and (5) Self-transcendent pursuits: an orientation toward serving others. "Leader humility has been associated with outcomes such as follower engagement, trust, helpfulness, generosity, psychological freedom, top

management team integration, and ambidextrous strategic orientation, among others” (Maldonado et al., 2018)

Empirical research by Seppälä & Cameron (2022) on the secret of leadership success factors found that *Positive Relational Energy* supersedes factors that are commonly associated with successful leadership like power, control, mastery, personality, and presence.

## **2.2 Organizational culture**

There are many definitions available that describe culture. Formally, culture can be defined as “the predominant beliefs, values, attitudes, behaviors, and practices that are characteristic of a group of people” (Warrick, 2015) It is the mutual understanding of members of an organization as to which behaviors are acceptable and which are not (De Mascia, 2012). It is what combines the nonhuman resources and the human resources within the organization to encourage high performance and teamwork (Pathiranage, 2019)

According to Schein (1992), culture could be viewed on two distinct levels: the visible level and the invisible one. The former being, for instance, artifacts, the typical things outsiders can see such as dress norms, office layouts, and furniture. It could also include leadership styles, work environment, the way people are treated, and how decisions are made. The invisible one is characterized by assumptions, deep-rooted beliefs, and expressed values which are clearly stated or practiced convictions that influence employee behavior.

An organizational culture, where employee participation and involvement in decision-making are held high, has been found to motivate and develop a sense of ownership among employees. That sense of ownership increases employee commitment to the organization and overall performance. Organizational culture is in essence a motivational instrument in driving performance within the organization (Engelen et al. 2013).

A culture of humility is shown to give its employees the safety and permission to acknowledge when they make mistakes or make bad decisions. That safety helps the employees learn and grow and will ultimately enhance the company’s performance. The six dimensions in forming a concept of a culture of humility are (1) employee development, (2) mistake tolerance, (3) transparency, (4) accurate awareness, (5) recognition, and (6) openness. These dimensions align with the five characteristics associated with individual humility in leaders (Maldonado et al., 2018).

### **2.3 The relationship between culture and performance and leadership and performance**

The culture within an organization can be very powerful. It can drive good or bad, helpful or harmful, and wise or foolish behaviors. Culture building is the role of leadership. How a leader leads, how people are treated, the decisions that they make, the environments created, and their values and principle can become the main points that drive culture (Warrick, 2015)

It has long been believed that the best teams are built by combining the best people. In 2012, Project Aristotle was initiated at Google (<https://rework.withgoogle.com/print/guides/5721312655835136/>). They set out to study hundreds of Google's teams to figure out why some were triumphant, and others failed. An enormous amount of data was collected and no matter how they put it together, the result was always the same; the "who" part of the equation didn't seem to matter. They kept coming across research that focused on "group norms" by psychologists and sociologists. Group norms are traditions, behavior, and unwritten rules that we adhere to within our groups or teams. When Project Aristotle's researchers went through the data looking for norms, they found that influencing the team norms was the key to improving the teams. The successful teams were the ones who for example took turns speaking and everyone was included. There was shared responsibility. They were also socially sensitive. These are traits associated with psychological safety. Psychological safety is "a sense of confidence that the team will not embarrass, reject or punish someone for speaking up. [...] It describes a team climate characterized by interpersonal trust and mutual respect in which people are comfortable being themselves." (Duhigg, 2016).

There are many different leadership styles and quite a few have researched the relationship between leadership and performance. It has been suggested that leadership style can be explained on a scale that ranges from autocratic leadership; "I tell", to democratic leadership; "I share". The former does provide a clear direction but risks missing input from employees whereas the latter welcomes input from employees and decisions are made within teams. This enables trust within teams and allows employees to express their creativity and utilize their strengths and abilities which in return improves their performance (Iqbal et al., 2015)

### **3. RESEARCH METHOD**

#### **3.1 Research approach**

This research aims to explore how a leader affects and builds a high-performing culture. To gain information and data, qualitative in-depth one-on-one interviews were performed. Employee questionnaires as well as further in-depth interviews have been obtained by the paper author from the company. The data was collected for an internal project by a consultant hired by GRID.

#### **3.2 Participants**

The participants are the CEO of GRID and the VP of Operations who make up 50% of the company's founding team and are mostly involved in shaping and leading the culture at GRID. Other participants are 12 employees at GRID.

"Hjalmar Gislason is the CEO of GRID and a member of the co-founding team. Hjalmar previously served as VP of Product Management at Qlik in Boston. He was the founder and CEO of DataMarket, founded in 2008 and sold to Qlik in 2014. GRID is the fifth software start-up that Hjalmar, a career data nerd, and entrepreneur, co-founds" ([www.grid.is](http://www.grid.is)).

"Thorsteinn Yngvi Gudmundsson is the VP of Operations at GRID and a co-founding team member. Thorsteinn has served in managerial positions in the tech industry for over 20 years, primarily focused on building new ventures internationally. Thorsteinn worked with Hjalmar as VP of Operations at DataMarket. He has held positions as a CEO, GTM lead, VP of Operations, Finance lead, Product manager & Board Director. Thorsteinn holds an undergraduate and MBA degree from Reykjavik University, and a proud degree in horticulture from his early career" ([www.grid.is](http://www.grid.is)).

The author is aware of the limitations of the qualitative research method. It is meant to understand the complex reality within GRID's culture. The author is also aware of the possibility of bias.

### **4. RESEARCH RESULTS**

This section will present the data and the analysis of the most critical findings from the interviews.

#### **4.1 Leaders**

As an experienced leader, Hjalmar has come across many different cultures in company management. He says that what is most special about GRID's culture is that everyone cares. It is not just a place where people come to work, but also a place of mission, product building, and team spirit. He emphasizes that it is a team effort, not something he has made by himself. Hjalmar also emphasizes that it is important to

lead by example, being vulnerable and bringing one's whole self to work, as well as being a humble leader, "The funny thing about culture is that you cannot create a culture that doesn't also reflect the personalities of those that lead the company and create the culture".

When asked what he did differently from his previous start-ups when starting GRID, he said that the co-founding team began with designing the culture they wanted. Hjalmar spent a few months thinking about the culture and what type of a company he wanted to build, regardless of the business idea. It all seemed to revolve around the culture, the people, and the office. Hjalmar noted that gradually over the years, he has understood the need for building culture as well as his growing interest in it.

In his previous start-up he founded in 2008, he mentions thinking about the culture along the way without putting a lot of attention into it. He also notes that they got lucky when it came to the culture, it was open and friendly mainly because of the types of people the company attracted. Hjalmar worked as a part of the management team for a large organization with over 2.000 employees based out of Boston, and they were quite old school when it came to HR or as Hjalmar puts it "they were doing everything by the book, but by a book that was written maybe 20-30 years ago". Annual performance reviews were something that Hjalmar didn't want to do at GRID. He found that the level of feedback an employee could get was dependent solely on their boss. Instead, he wanted the feedback to be built into the culture of the company.

Respect and honesty are crucial as well as involving everyone in as many decisions as possible. GRID is the fifth software company that Hjalmar has started and what he has learned in his 25 years in the business, is how extremely important teamwork is and how fulfilling it is to see a team come together.

GRID has a working agreement that all its employees sign. The agreement is five principles that the founding team created. The five principles are:

1. We are proud of what we do, and how we do it.
2. We seek diversity and welcome each other's whole selves.
3. We make it safe to surface issues and ask for help.
4. We share responsibility for each other's success.
5. We have fun.

The working agreement has not changed, even as the company has doubled in size, from 7 to 15 people. What the leadership team found interesting when new employees joined the company is that the points in the agreement were not understood the same by everyone. It was decided to revisit the agreement when the company reached around 30 people to see if it should be changed, but in principle, no



major changes were made. They sharpened the meaning and made the sentences a little bit clearer, but with the same initial meaning. Hjalmar emphasizes that a working agreement of this type needs to be a living document and revisited regularly to ensure that the understanding is mutual and that everyone feels ownership and is adhering to it.

One of the most important points of the working agreement is *fun*. Hjalmar says that people spend almost half their waking time at work or thinking about work, so it is important to have fun and if they don't, something is wrong.

Hjalmar emphasizes that flexibility is key. If a company wants to survive in the age of a pandemic, it has to adapt. Everybody can tap into the worldwide talent pool, and it is crucial to make sure a team can work all remotely or partly remote. That is a success factor.

Feedback is also an important part of team culture. Being able to give feedback in good or bad conditions and accept feedback. Building a feedback culture is something that helps a team flourish. At GRID, they have a coach that is accessible to all employees to help improve their feedback skills. The coach also leads new employees through the company.

For a CEO, it is important to be in contact with other leaders and CEOs. You learn a lot from them, and the experience of most situations can be shared and appreciated. As a leader, Hjalmar says that much has changed through his experience in the start-up of five companies. The main thing is how he interacts with people, he says. Being respectful, having meaningful conversations, honesty and openness are factors that have made him calmer and helped him approach most things with more levelheadedness.

Another of the more important working agreement points is *surfacing issues*. Building a culture is one thing and then remembering to strengthen the culture regularly is another. It is human nature not to talk about hard things. It is so important to build a culture that surfaces issues and lets us talk about them.

Hjalmar is proud of everything, but also immensely proud of the feedback they get from their users and the fact that they are taking on big and complex problems and have succeeded and will succeed in making that happen. He says that the one thing that he would change at GRID is how calm and level-headed they are. Leading by example to a little bit more chaotic environment would be beneficial for the company and something he will think about in the future.

Thorsteinn says the most special part of GRID's culture is the psychological safety and feedback. There is a lot of respect that goes into giving honest and constructive feedback, and the employees do a lot of training to be able to do that.

Regarding psychological safety, Thorsteinn says it works both ways. Employees must be comfortable in asking questions and bringing forth issues and concentrating on how to ask questions or how to approach the issues at hand. These two things are what GRID is investing heavily in and getting people trained for.

Out of the five points in the working agreement, Thorsteinn finds that the *surfacing of issues* and *asking for help* are the most important ones. These two speak directly to psychological safety. Belonging within the company and within the team is building culture. He also feels that focusing on the working agreement has made him a better person and tries to take this experience and work ethic with him outside of the company. The working agreement is a social contract between the employees, not just a contract between the company and its employees. He also stated that the contract has not changed much through the years, just gotten clearer.

Thorsteinn thinks that the culture interview that GRID uses in the hiring process is something that separates them from other companies. The purpose of this interview is to find out what a person adds to the company's culture. The feedback they have gotten is remarkable and most of the candidates, including those who were not hired, emphasize that GRID has the best recruitment process that the participants have gone through. It allows people to be more vulnerable, make stronger relationships, and find the right people for the right jobs.

One of the things that GRID does is run three surveys monthly for every employee, each survey consisting of one question. The questions are:

1. How did you feel at work last month?
2. What was the workload like for you last month?
3. What were your stress levels last month?

The outcome of this survey has been eye-opening for the leadership team. Stress does not seem to stem from a high workload and the wellness program at GRID has done several trivial things that people benefit from. Team input in all aspects of GRID's culture is crucial and the main asset of the company.

Thorsteinn is proud of their willingness to experiment, be curious, and make decisions based on the outcomes. He is curious to find out if the company doubles in employee size and if it will still have that sense of belonging and this great culture. Something he finds incredibly exciting and worth exploring.

## 4.2 Employees

12 employees answered a selection of 16 questions about their experience at GRID and their opinion of the company culture.

When asked to describe GRID's culture in three words the answers varied: *Relaxed, fun, family-friendly, diverse, psychological safety, considerate, compassionate, ambition, conscious, inclusive, focused, passion, open, collaborative, flexible, rewarding, honest, driven, high performance, respectful, committed, genuine, caring, and thoughtful.* Fun came up most often which fits well with the first point of the working agreement.

The employees remembered the recruitment process as being personal and welcoming but also very thorough. They also talked about loving the balance of tech and culture assessment and what stood out was the emphasis on finding the cultural fit. All the employees mentioned that the interviews were nothing that they had experienced in Iceland before and were surprised. Some called it a life-changing experience.

GRID seems to have made a difference in all its employees' lives as they mentioned that working for GRID has enriched their lives by giving them a platform to grow and learn, looking more forward to going to work, developing their confidence, and now expecting more engagement and sharing from colleagues.

Health and wellness are an important part of the company's culture. Employees say that the company improves the balance between work and life and helps them build healthier habits. GRID offers to pay for commuting to work and offers easy access to the gym as well as regular visits from a doctor on site. All of the employees think the access to an in-house coach is greatly beneficial and shows a source of caring and constructive advice.

Being surrounded by talented people and having coaching and management mentorship is a boost for the employees and encourages success and trains them in giving and receiving feedback.

*Excited* and *happy* are the two words that describe the feeling of going back to work on a Monday morning. All of the employees would recommend GRID to their friends and think that the leadership team is very accessible to all. They also state that they get praise regularly, some directly and others point out that one on one sessions are good, and that feedback is a big part of the culture.

Having fun is one of the 5 points in the working agreement. The employees mentioned that it is the people who make the workplace fun. *Enthusiasm, passion, togetherness,* and *inclusiveness* of the team are also what encourages fun. Every

opinion matters and no one is left out. When asked if they wanted any changes to the workplace the only observation was to have more one-on-one with more people – not an excluded few.

## **5. DISCUSSION**

This research aimed to answer the question “How does a leader build a high-performing culture?” by looking at previous research and performing a case study. The company, GRID, is a respected tech start-up known for its great culture and leadership and therefore an interesting case that hopefully others can benefit from.

There are many ways in which a leader can build a high-performing culture. In most cases, the business idea comes before the culture but in GRID’s case, the culture was designed before a decision was made on which business idea to run with.

The culture GRID wanted was a fun, open, and honest one. They wanted a flat leadership structure as opposed to a typical hierarchy. They wanted people to feel included, heard, and appreciated and to feel a sense of ownership. People should be allowed to make mistakes and raise questions. Those qualities are all found in the research of prerequisites for psychological safety of workplace culture and are proven to increase performance.

To achieve that type of culture, a lot of hours went into constructing it and the founding team agreed on a mutual working agreement that to this day, three and half years later, they still adhere to. Both the leaders of GRID and the employees agree that the working agreement works, and people respect it. In comparing GRID’s working agreement to the Malonado et al. (2018) “six dimensions of a culture of humility”, it is safe to say that GRID’s culture is a humble one.

One employee made a thorough analysis of the risks of running the type of culture GRID is practicing. The risks mentioned are protecting boundaries, oversharing, feeling vulnerable, or being too exposed. Hjalmar said it was a fine line and that the important thing is to find and keep the balance.

What stands out the most is the appreciation of the coach that is available to all. It is common for leaders to have a coach to assist them with the difficult task of leading an organization, staying true to their values and beliefs, and acting in accordance, but bringing on a coach that works with every single person within the organization is quite remarkable. One of the coach’s main tasks is to train every leader and employee in giving and receiving feedback which in return enables clear and honest communication, leading to trust and an increase and sustainability in performance.

## **6. CONCLUSIONS**

Often the culture isn't put as high on the priority list as it should be. With the research already performed, there is a clear link between organizational culture and performance so it should be safe to say that the way the leaders at GRID went about building their company was a great success. Their emphasis on culture and the continued work in maintaining it plays a huge role in employee satisfaction and retention, and the business performance overall.

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