Adaptive Human Resource Management in dynamic environments: An example of the COVID-19 crisis

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Abstract

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The acknowledgement of Human Capital (HC) as an important source of competitive advantage for firms has significantly increased. But as for other resources, firms need to find a way to manage HC so that it becomes more adaptable. This is essential due to the increasing frequency and severeness of changes in the environments that firms are operating in and it emphasizes that firms should aim to achieve successive temporary advantages. The goal of this research is to understand key factors, practices and processes that enable adaptability in Human Resource Management (HRM) following the Dynamic Capabilities (DC) approach in context of the COVID-19 crisis. The findings aim to build a fundament for the understanding of effective adaptive HR strategies and to give more tangible guidance to managers.

To understand the underlying factors that enable adaptability in HRM, a qualitative research format was chosen. A total of six interviews with HRM experts from small- and medium-sized businesses (SMBs) in the tech industry were conducted and analyzed by means of Qualitative Content Analysis (QCA). The main results include an empirically informed construct of second and third order micro foundations of DCs in context of HRM. Thereby, this dissertation complements existing research by providing another layer of micro foundations with an extensive variety of processes, activities and mechanisms which were argued to lead to adaptable HC. Furthermore, it offers practical guidance to HRM executives and a better understanding on which measures can enable adaptive HC on a micro-level.

Keywords: Adaptive Strategies, Competitive Advantage, Dynamic Capabilities, Human Capital, Human Resource Management, Micro Foundations of Dynamic Capabilities, Qualitative Research, Tech Industry. **Sustainable Development Goals:** SDG 3, SDG 4, SDG 8, SDG 9, SDG 12.

Sumário

Título: Gestão Adaptativa de Recursos Humanos em ambientes dinâmicos: Um exemplo da crise da COVID-19

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O reconhecimento do Capital Humano (CH) como uma importante fonte de vantagem competitiva aumentou significativamente. Mas, como noutro recurso, as empresas precisam de encontrar uma forma de gerir o CH para que este se torne mais adaptável. Isto é essencial devido à crescente frequência e severidade das mudanças nos ambientes em que as empresas estão a operar e enfatiza como devem visar a obtenção de sucessivas vantagens temporárias. O objetivo desta investigação é compreender fatores-chave, práticas e processos que permitem a adaptabilidade na Gestão de Recursos Humanos (GRH) seguindo a abordagem das Capacidades Dinâmicas (CD) no contexto da crise da COVID-19. Os resultados visam ser base para a compreensão de estratégias eficazes de RH adaptativas e dar uma orientação mais tangível aos gestores.

Para compreender os fatores subjacentes que à adaptabilidade em GRH, escolheu-se um formato de investigação qualitativa. Foram realizadas e analisadas seis entrevistas com peritos em GRH de pequenas e médias empresas da indústria tecnológica através da Análise Qualitativa de Conteúdo. Os principais resultados incluem uma construção empiricamente informada de microfundações de CD de segunda e terceira ordem no contexto de GRH. Assim, esta dissertação complementa a investigação existente, fornecendo microfundações com uma extensa variedade de processos, atividades e mecanismos que têm sustentado a argumentação para a HC adaptável. Além disso, oferece orientação prática aos executivos de GRH e uma melhor compreensão sobre quais os processos, mecanismos e atividades que permitem a GRH adaptável a um nível micro.

Palavras-chave: Estratégias Adaptativas, Vantagem Competitiva, Capacidades Dinâmicas, Capital Humano, Gestão de Recursos Humanos, Micro Fundações de Capacidades Dinâmicas, Investigação Qualitativa, Indústria Técnica. **Objetivos de Desenvolvimento Sustentável**: ODS 3, ODS 4, ODS 8, ODS 9, ODS 12.

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List of Acronyms

CA	Competitive Advantage
DC	Dynamic Capability
HC	Human Capital
HR	Human Resources
HRM	Human Resource Management
HRT	Human Resource Team
QCA	Qualitative Content Analysis
SMB	Small- and Medium-sized Business
RBV	Resource-based-view

1 Introduction

1.1 Context and background

In the on-going quest to discover sources of competitive advantages (CA) of firms, scientists have paid increasing attention towards human resources (HR) and their impact on firms´ ability to compete in the market. Advocates of the resource-based view (RBV) have discussed that tangible assets on the one hand are usually imitable and therefore unlikely to present a source of sustainable CA (J. Barney, 1991; Peteraf, 1993). In consideration of these findings, HR gained relevance as a source of CA as they *"are often hard to imitate due to scarcity, specialization, and tacit knowledge"* (Russel Coff, 1997: 233). To complete this concept, an important stream of research highlighted that HR, understood as the general people element within organizations (Hatch & Dyer, 2004), on their own are not a sufficient source of CA. Instead, it is the combination of an individuals' knowledge, skills, abilities, and motivation, i.e. demonstrated through interest alignment between the individual and the organization (Gottschalg & Zollo, 2007) which is described as Human Capital (HC) (R. Ployhart & Moliterno, 2011).

HC represents a promising resource which might lead to CA of firms as they are most likely to be valuable, rare, imperfectly imitable and non-substitutable (J. Barney, 1991). However, their situational value fit is challenged more frequently as *"sustainable CA is rare and declining in duration"* (Ruefli & Wiggins, 2003: 87). This is due to the development from rather stable to hypercompetitive (D'Aveni, 1994) and high-velocity environments (K. M. Eisenhardt & Bourgeois, 1988) in many industries which *"tend to be associated with the increasingly frequent occurrence of major, discrete environmental shifts in competitive, technological, social, and regulatory domains"* (Barreto, 2010: 257). The failure to address these shifts can have a negative impact on the performance of firms and ultimately their survival (Audia, Locke & Smith, 2000). Furthermore, an increasing number of exogenous shocks, including technological, political, and legal, social, demographic, economic shocks, and other crises impact the stability of global economy more than ever. That suggest that companies should focus on a form of management that allows them to generate successive temporary advantages by effectively responding to subsequent shocks in the environment (D'Aveni, 1994; Eisenhardt & Martin, 2000).

1.2 Presentation & Relevance

Amidst the outbreak of the COVID-19 pandemic and the accompanying economic crisis, it became undeniably clear that unexpected events can have an impact on the global economy and can change the way people work together on their jobs completely (McKinsey, 2021). Existing trends, such as remote work, e-commerce, and automation, were accelerated by the pandemic which impacts the occupations of the workforce significantly. It also poses the challenge to employers to adjust to the new requirements regarding the delivery of digital infrastructures, equipment, and management styles that nurtured re-mote collaboration and motivation of employees (McKinsey, 2021). It is also reported that more than 50% of HR leaders had difficulties to ensure that the employees had the necessary skills to maneuver in a more digital working environment (Bingham, 2020). Looking at these findings, one can notice the lack of practices and processes to enable adaptability especially in HR departments although they can play such a significant role in generating a CA through effective development and management of HC (H. C. Wang & Barney, 2006). To come up with an approach to support HRM in becoming more adaptive therefore presents an opportunity to enable firms and their managers to prepare for and react to exogenous shocks more effectively.

1.3 Problem Statement & Research Question

Accordingly, this research aims to understand key factors and practices that lead to effective adaptive strategies in Human Resource Management (HRM), and thus helped to generate and maintain effective HC during the COVID-19 crisis. The findings should present a fundament for the understanding of effective adaptive strategies for HRM not only in crisis, such as the COVID-19 pandemic, but extend to HRM in dynamic environments in general. In this context, the following research questions will be examined:

1. What measures and initiatives, potentially representing Dynamic Capabilities in HRM, were reported to be present in companies before COVID-19?
2. What do the micro foundations of these DCs look like on a more granular level and how were they deployed during the COVID-19 crisis?
3. How were the measures perceived on the performance of the main HR activities?

1.4 Thesis Structure

This study continues with a review of the literature on HC as a source of CA, the impact of exogenous shocks, and research about capabilities contributing to adaptive strategies (chapter 2). Next, the author explains the methods that were used in this study (chapter 3) and evaluates the findings of the data collection (chapter 4). Finally, this research ends with a conclusion and discussion (chapter 5).

2 Literature Review

2.1 Human Capital as a source of CA

To classify human capital as a potential source of CA of a firm, it is obligatory to first be clear about what defines a significant CA. Peteraf and Barney offer a promising definition of CA: *"An enterprise has a CA if it is able to create more economic value than the marginal (breakeven) competitor in its product market"* (Peteraf & Barney, 2003: 314).

It is also important to distinguish between human capital (HC) and human resources (HR). Ployhart and Moliterno define HC as *"a unit-level resource that is created from the emergence of individuals' knowledge, skills, abilities, and other characteristics"* (2011:128). This definition was chosen, as it points out the cross-level sources of the human capital and is therefore more inclusive (R. E. Ployhart, Weekley, & Baughman, 2006; R. Ployhart & Moliterno, 2011). Human resources (HR) on the other hand is a general term used to represent the people element within organizations (Hatch & Dyer, 2004).

2.1.1 Resource-based view and Human Capital

A prominent theory in the strategic management literature is the resource-based view (RBV) which aims to explain the circumstances in which firms can achieve a sustainable CA through their combinations of resources and capabilities (J. Barney, 1991, 1986). Resources are defined as "stocks of available factors that are owned or controlled by the firm," while capabilities "refer to a firm's capacity to deploy resources, usually in combination, using organizational processes, to effect a desired end" (Amit & Schoemaker, 1993: 35). Firms are assumed to have heterogeneous resources and capabilities and the concept implies that this heterogeneity can persist over time. A CA can only be generated if a firm's resources and capabilities are valuable and rare. To sustain this CA these resources and capabilities must be imperfectly imitable and non-substitutable (J. Barney, 1991). As a result, firms can achieve superior financial performance (Peteraf, 1993; Wernerfelt, 1984).

How can HC be a resource that helps firms to generate and sustain a CA? Following the RBV, isolating mechanisms are key to sustaining CA (Rumelt & Lamb, 1984). As this research focuses on advantages resulting from HC, three key isolating mechanisms which are often linked to HC-based advantages (Coff & Kryscynski, 2011), namely firm-specificity, social complexity, and causal ambiguity, are most relevant. In this context one must consider that these operate simultaneously, but marginally different at the individual and firm level. It is valuable to look not only at the firm but also at the individual level, as HC derives its strategic relevance from idiosyncrasies between the employees and the firm (Russell Coff & Kryscynski, 2011).

Firm specificity generally illustrates the degree to which individual assets are tailored and useful for one firm (Williamson, 1975). At an individual level, it may limit the mobility of employees since their skills are less valuable to other firms (Campbell, 2018; Carnahan, Agarwal, & Campbell, 2010; Russell Coff & Kryscynski, 2011; Mayer, Somaya, & Williamson, 2012). At the firm level, firm-specificity means the degree to which employees and their HC are more valuable to the firm which owns these rather than to its competitors (Coff & Kryscynski, 2011). Social complexity presents the degree to which individuals are nested in deeply complex social systems (J. Barney, 1991). At an individual level, the HC value of an employee could decrease if taken out of a specifically complex social system and hired into a new one (Coff & Kryscynski, 2011). This also means at a firm level that these complex social systems are harder to copy for rivals. Causal ambiguity specifies the degree to which individual assets are hard to relate to organizational performance (Lippman & Rumelt, 1982; Reed & DeFillippi, 1990). At the individual level it is critical due to the phenomena that tacit knowledge is prevalent in the consciousness of individuals and therefore it is not observable which exact knowledge contributed to which result and what social and cognitive processes were involved (Felin & Hesterly, 2007). This results in an unobservable link of HC to performance at a firm level (Coff & Kryscynski, 2011).

2.1.2 Managerial dilemmas of HC

While firm specificity, social complexity, and causal ambiguity work as isolating mechanisms from competition (Arthur, 1994; J. Barney, 1991; Koch & Mcgrath, 1996; M, 1995; Peteraf, 1993), they also present managerial dilemmas which appear in the areas of attraction, retention and motivation of employees (Coff & Kryscynski, 2011). Firms have to find a way to cope with these dilemmas to generate and maintain a CA from their HC (Coff, 1997; Russell Coff & Kryscynski, 2011; Foss, 2011). As mentioned before, capabilities, knowledge, experience and motivation, can only together lead to a HC-based CA (Belenzon & Schankerman, 2015; Gottschalg & Zollo, 2007). How do companies integrate and manage both and find a solution to the HC dilemmas of attraction, retention, and motivation to achieve a CA? In fact, research found that the HR management function, either through the HR department or through the responsibilities of the managers, plays a significant role in attending these needs and generating a HC-based advantage (Albinger & Freeman, 2000; Gottschalg & Zollo, 2007; Huselid, 1995; Vogel, 2005; Wang, He, & Mahoney, 2009). In the following. the key needs to tackle the attraction-, retention- and motivation-related dilemmas are presented.

Attraction: Companies need to find people who have the ability and motivation to acquire firm-specific HC when hired (Coff, 1997; Kor & Leblebici, 2005; M, 1995; Ployhart, 2006; Taylor & Collins, 2000). The identification and selection of employees with this potential can be particularly difficult (R. E. Ployhart et al., 2006; Trank, Rynes, & Bretz, 2002) as the individual's composition of HC is difficult to observe and evaluate (Russell Coff & Kryscynski, 2011). Furthermore, companies must attract and hire people with the right fit as others will most likely leave quickly and not acquire the firm-specific HC (O'Reilly, Chatman, & Caldwell, 1991; Schneider, 1987). If firms have especially socially complex HC it is very challenging to find the right "fit", as newly hired individuals must first get to know the culture, routines, values and norms, by relying on knowledge sharing of co-workers, and second bring high levels of hedonic motivation to adapt to them (Coff & Kryscynski, 2011). Asymmetric information in the market can lead to further challenges, as the individuals who know about their skills and relevance in their current working environment, tend to stay there and seldomly change jobs. Causal ambiguity contributes to this phenomena by making it more difficult for future employers to see what contributions the applicant actually made to the named achievements (Coff & Kryscynski, 2011; Fernandez, Castilla, & Moore, 2000).

Retention: Firms want to keep employees once they acquired firm-specific HC, as they can be more valuable to them than to their competitors. Obviously, there are also some managerial dilemmas to be solved before this HC becomes a CA (Coff & Kryscynski, 2011; Gottschalg & Zollo, 2007). First of all, there is always a period of dynamic adjustment costs as the potential of the HC of new employees is discovered and modified to the new environment (Mahoney, 1995; Mahoney & Pandian, 1992; Prescott & Visscher, 1980; D. J. Teece, Pisano, & Shuen, 1997). In this period, socially complex systems make it harder for new employees to learn and adapt the firm-specific HC which make them valuable to the company (Borgatti & Cross, 2003; Coff & Kryscynski, 2011). Furthermore, social complexity can lead to highly complex and interconnected networks that do not only include internal but also external relationships and therefore can be valuable to competitors and might lose their purpose of isolating mechanisms (Bartol, 1979; Kerr, Von Glinow, & Schriesheim, 1977). Especially losing these “boundary spanners” to competitors can present high damages to companies as they might lose access to innovation sources (Coff & Kryscynski, 2011). Finally, causal ambiguity can create a dilemma especially in knowledge-intensive environments, where it can be extremely difficult to identify in what sense the knowledge of one individual contributed to performance results. Under these circumstances, it is often intricate for managers to identify whom to retain and whom to let go (Coff & Kryscynski, 2011).

Motivation: As mentioned earlier, to achieve a CA firms have to deal with complex dilemmas related to the motivation of employees (Russell Coff & Kryscynski, 2011; Gambardella, Panico, & Valentini, 2015; Gottschalg & Zollo, 2007). One significant dilemma is related to the willingness of employees to invest in firm specific HC which is influenced by two reasons. First, employees might not be motivated to invest in that kind of HC since it might decrease their attractiveness on the market for jobs in other firms. Second, employees fear opportunistic behavior by their employer, such as insufficient compensation, once they acquired firm-specific HC (Hoskisson, Gambeta, Green, & Toby, 2018; H. C. Wang & Barney, 2006). Additionally, in socially complex systems individual contributions and their impact on outcomes are hard to observe and therefore the expectancy of employees is low which also leads to lower motivation of employees (Ouchi, 1980). Causal ambiguity also leads to moral hazard, as employees tend to take credit for achievements to which they did not contribute much “self-serving bias” (Miller & Ross, 1975). Therefore, managers find it difficult to recognize whom to reward for extraordinary contribution (Coff & Kryscynski, 2011). That can lead to frustration among employees, for example when these contributed a lot and did not get the according reward.

2.2 Exogenous shocks, changing environments and managing under uncertainty

Looking at theories of CA and the concept of HC, the RBV offers a solid fundament for explaining how firm-specific HC can help companies to achieve superior performances compared to competition. Nonetheless, the RBV is considered to be fundamentally static in its origin and therefore struggles to explain CA of firms in dynamic environments (Priem & Butler, 2001). This assumption of static markets presents a significant dilemma, as more frequently occurring exogenous shocks (technological, political, social, economic or health crises) led to more hypercompetitive and high-velocity environments in many industries (Eisenhardt & Bourgeois, 1988; Eisenhardt & Martin, 2000; D'Aveni, 1994). In these dynamic environments fewer companies manage to sustain CAs. If they do, the average duration of maintaining that CA has significantly declined in the last decades (Wiggins & Ruefli, 2005). Research proposes that continuous innovation of strategy is needed in these disruptive environments (Christensen, 1997; D'Aveni, 1994; Hamel, 2000; Markides, 1999) and that companies should therefore be managed to build successive temporary advantages (D'Aveni, 1994; Wiggins & Ruefli, 2005). If firms fail to adapt to environmental changes and instead stick to strategic persistence, their performance is found to decline significantly (Audia, Locke, & Smith, 2000). What implications does that have for strategic management?

Here, it is important to differentiate between the risk and uncertainty management, as both represent helpful guidelines, but for varying circumstances. Risk is associated with known probabilities of specific outcomes and a known certainty of recurrence. Risk management therefore describes managing known probabilities in such a way that e.g. a resources can be allocated and activities can be adjusted to hedge for financial risks of investments (Bonaimé, Hankins, & Harford, 2014; D. Teece, Peteraf, & Leih, 2016). Uncertainty management on the other hand requires a totally different approach, as it tries to prepare for unknown unknowns. Under uncertainty it is not possible to contract away any risks by natural hedging. This is the reason why uncertainty is the far more serious and common challenge that companies face in economies characterized by innovation change (D. Teece et al., 2016). Under these circumstances it is key to identify the right things to do instead of doing the things right, such as operational efficiency. It is important to note that uncertainty is not a new phenomenon and has always accompanied the business environment. Nonetheless, the frequency of unknown and non-predicted happenings is increasing. In combination with a more integrated, interdependent, and more advanced global economy this leads to the opening of opportunities for businesses but also to the transmission of shocks internationally (Li & Tallman, 2011).

The need for organizational adaptability presents an enormous challenge for companies since it requires a fundamental change of their organizational structures, practices, cultures, norms, and values to achieve strategic fit (Volberda, van der Weerdt, Verwaal, Stienstra, & Verdu, 2012; Zajac, Kraatz, & Bresser, 2000).

2.2.1 Influence on HC: Challenges for HRM

How do these changes in environments affect HC as a source of CA, more specifically the isolating mechanisms that create the foundation for it? Frequent changes in the environment demand new knowledge and skills, as well as different levers for interest alignment (Collins & Stevens, 2002; Gottschalg & Zollo, 2007). Therefore, the fit of firm-specific HC which is related to a firms' businesses and activities is more frequently challenged by new developments and requirements in the markets. The more firm-specific that HC, the harder it might be to change this HC and transform it or acquire new HC needed for deviations in firm activities (Gottschalg & Zollo, 2007; H. Wang, Choi, Wan, & Dong, 2016). HRM therefore faces the challenge to identify and attract the right talent according to more frequently changing and more specific requirements (Chuang, Jackson, & Jiang, 2016). Furthermore, it requires a more adaptive approach towards lowering the barriers to acquiring or transforming firm-specific HC which covers the area of learning and development (Collins & Smith, 2006; Delaney & Huselid, 1996; Jackson, Chuang, Harden, & Jiang, 2006; M, 1995). Social complexity is still valuable due to its difficult imitability. Nonetheless, it is influenced by changing environments, as these might require changes in the networks of firms and employees. Adapting a new culture, values, norms as well as knowledge and skills as a response to these changes becomes more difficult since relationships between individuals in these networks are not always completely known (Russell Coff & Kryscynski, 2011; Sanyal & Sett, 2011). Thus, social complexity also increases the time an employee needs to integrate into this new system while the market puts more pressure on the company to innovate and adjust. Furthermore, changes in job requirements of individuals might lead to higher fluctuation in the job market, therefore social systems are broken up more often and an employees' HC can lose value if the employee is removed from its network (Campbell, 2018; Russell Coff & Kryscynski, 2011). Accordingly, it confronts HRM with the task to keep up to date about an employees' network and its value in a timelier manner. That also challenges companies to enable faster integration and varying interest alignment processes to newly hired employees. Causal ambiguity makes its transferability in dynamic environments difficult since it is on the one hand easy to change elements of the reward system, the socialization regime and the job design, but on the other hand challenging to identify the more tacit parts, such as which combinations of these elements together ensure a promising a CA (Gottschalg & Zollo, 2007). In addition, the fact that managers find it hard to observe individual skills, knowledge and the individual contributions to performance outcomes, makes it even harder for them to plan effective restructuring processes which are necessary (Cameron & Pierce, 1994; Chadwick, Hunter, & Walston, 2004; Nixon, Hitt, Lee, & Jeong, 2004; Trevor & Nyberg, 2008). Essentially, as the basis from competition has shifted from inimitability to adaptability, companies need to find a way to create new knowledge, skills and motivation which is likely to result from employees' ability to exchange and combine knowledge (Collins & Smith, 2006; Kaplan & Norton, 2004; Nahapiet & Ghoshal, 1998; D. J. Teece, 2007; Youndt, Subramaniam, & Snell, 2004).

2.2.2 The Dynamic Capabilities Framework

In an attempt to explain the sources of CA in dynamic environments which are open to global competition and innovation, Teece and colleagues (1997) offered the framework of dynamic capabilities (DC´s) in what is seen as the primal article of this research stream (Barreto, 2010). In that article, Teece and colleagues define dynamic capabilities (DCs) as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (D. J. Teece et al., 1997). As the literature has grown, some criticism has emerged and research emphasizes three main aspects which require attention: 1) past research produced a number of successive and distinctive definitions that lead to some confusion, 2) the rich and complex body of literature is disconnected and aims in different directions and 3) some important criticism regarding the operationalization, measurement and relationship to performance (Barreto, 2010). To keep a clear and consistent understanding of DCs, the original definition and framework of Teece et al. will be used as a fundament for this research. Since the publication of the first article about DCs in 1997, Teece and colleagues have published further insightful articles about the concept of DCs, building up on the original construct (Elsevier, 2021). These publications belong to the most cited articles in this field (Elsevier, 2021) and have built the fundament for recent DC research which is the reason why this definition is referred to in this Dissertation.

According to Teece et al., DCs can be separated into three dimensions, namely “the capacity (D1) to sense and shape opportunities and threats, (D2) to seize opportunities, and (D3) to maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise’s intangible and tangible assets” to create a foundation for analytical approaches. (Teece, 2007; Teece, Peteraf, & Leih, 2016). In addition to that definition, Teece et al. propose a more detailed explanation of the micro foundations of the three dimensions of DCs in 2007, summarized in the following and illustrated in Figure 1:

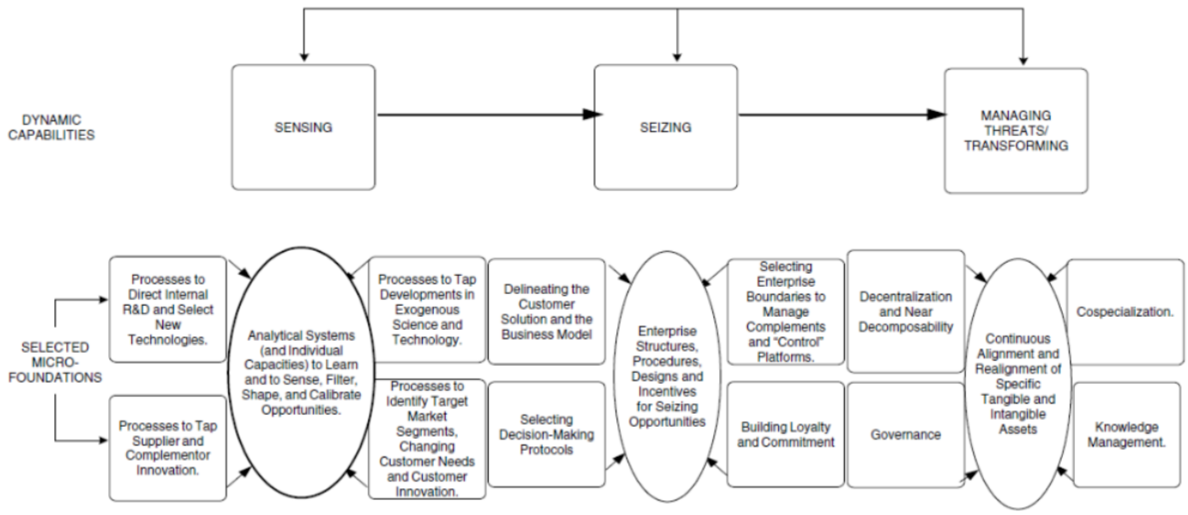

Figure 1: Micro foundations of dynamic capabilities (D. J. Teece, 2007: 1342)

The capacity to sense and shape opportunities and threats (D1) describes analytical systems, as well as individual capacities to learn and to sense, filter, shape, and calibrate opportunities (D. J. Teece, 2007). For companies it is essential that the scope of scanning, researching and exploring remains broad and therefore does not only include close markets and technologies, but extends to more distant markets and technologies too (March and Simon, 1958; (R. Nelson & Winter, 1982). Therefore, Teece et al. suggest that the analytical systems to sense and shape opportunities and threats consist of four different categories of processes (D. J. Teece, 2007), namely (1) “processes to direct internal R&D and new technologies, (2) to tap supplier and complementor innovation, (3) to tap developments in exogenous science and technology and (4) to identify target market segments, changing customer needs, and customer innovation” (D. J. Teece, 2007).

The capacity to seize opportunities (D2) is significantly influenced by enterprise structures, procedures, designs and incentives as they enable the company to execute effectively. Here again, Teece et al. suggest four categories that together determine these structures, procedures and designs (D. J. Teece, 2007). These comprise skills in (1) delineating the customer solution and business model, in (2) selecting decision-making protocols, in (3) selecting enterprise boundaries to manage complements and platforms, and in (4) building loyalty and commitment among employees (D. J. Teece, 2007).

To maintain the capacity to enhance, combine, protect, and reconfigure the business enterprise's intangible and tangible assets (D3), firms must fulfill another four criteria to sustain profitable growth (D. J. Teece, 2007). Decentralization and near decomposability, reflected by loosely coupled structures, open innovation, developed integration and coordination skills presents the first subcategory. The second presents governance which allows companies to achieve incentive alignment, to minimize agency issues etc. Cospecialization is the third category and describes the combination of assets to enhance value. The fourth subcategory is knowledge management and includes learning, knowledge transfer, know-how integration and intellectual property protection (D. J. Teece, 2007).

Looking at the mentioned micro-foundations, it is obvious that these are very general and not particularly useful for the deduction of processes, mechanisms or activities related to specific areas of a company. Research claimed in the past that DCs differ from operational capabilities in such a way that they are not performed "on an on-going using more or less the same techniques on the same scale to support existing products and services for the same customer population" (Helfat & Winter, 2011). Instead, DCs are focused on aligning the organization and its activities with the environment (Zahra, Sapienza, & Davidsson, 2006). In that sense, the framework and its three main dimensions are used as a fundament for the data collection through the expert interviews and aim to discover micro foundations of DCs related to HRM.

3 Methodology and Data

3.1 Research design

To explore how DCs are actually present in HRM of organizations and how they could help in dynamic environments that are driven by exogenous shocks, specifically now in times of the

COVID-19 crisis, a qualitative research approach has been chosen (Bettis, Gambardella, Helfat, & Mitchell, 2015; Bryman, 2016). Especially, considering the strong contextual nature of HC in different organizations, it makes sense to use this inductive approach to get to know different perspectives and generate insights from experts to increase the understanding of this topic (Stake, 1995). A sample of six Small and Midsize Businesses (SMBs) from the Information Technology and Services industry, varying in age and offering, serving both B2C and B2B verticals were selected to give a view on how DCs in HRM can help to adjust to exogenous shocks in dynamic environments. A single industry was chosen for exploration, as firms in different industries have been found to vary regarding the nature and the sources of uncertainties affecting the HC in organizations (Sanyal & Sett, 2011). This research focuses on the Information Technology and Services industry as it is among the most dynamic environments due to the more frequent development and innovation of digital technologies that influence the competitiveness of companies significantly. Therefore, the capability to innovate constantly and adapt to new changes in the environment through knowledge management plays a big role for the success of companies operating in this industry (Collins & Clark, 2003). As the goal of this research is to find out to what degree which DCs might have helped to maintain effective HC during COVID-19 it is thus suitable to choose experts from an industry that already experienced demand for an adaptive workforce in the past. Furthermore, the sample includes only companies from Germany to avoid bias due to cultural idiosyncrasies. In total, six interviews have been conducted with top management HR executives with many years of experience in similar roles and who are responsible for HRM in their current company.

3.2 Data collection instrument

The data from the experts was collected with the help of a semi-structured interview guideline and the anonymity of the interviewees and their companies was guaranteed. The semi-structured interviewee guideline included the following topics (see Appendix for the detailed interview guideline):

- General information about company and interviewee (incl. number of employees, industry, function of interviewee and years of experience)
- Explanation of DCs and exploration of DCs among attraction, retention, and motivation activities in HRM before COVID-19 (based on the three Dimensions of DCs suggested

by Teece and colleagues and extended with an assessment of the organizational culture and structure)

- How were these DCs deployed and used during COVID-19 and what were the challenges?
- The experts' evaluation of DCs in context of the companies' ability to attract, retain and motivate employees now during times of COVID-19

The interviews lasted between 40 and 75 minutes and were conducted through an online video conference call, using Zoom. Five out of the six interviews were held in German and direct quotes were translated into English for displaying the results in this publication. To ensure a detailed and reliable documentation, the interviews were recorded after consent was given by the interviewee and transcribed with the software SonixAI (https://sonix.ai/).

3.3 Data analysis method

To analyze the collected data from the interviews, this research applies the qualitative content analysis (QCA) based on Mayring, complemented by Schreier (Mayring, 2000; Schreier, 2012). This method offers a suitable approach to the research goal, as it reduces the overall amount of data by requiring the researcher to focus on selected elements of meaning which relate to the research question. It also follows a systematic sequence of steps which can be iterative but will always happen in the same sequence. Furthermore, it provides flexibility by allowing for the combination of concept-driven and data-driven categories within one coding frame (Flick, 2014). Here, it just needs to be kept in mind that at least a fraction of the categories should be data-driven to ensure that the coding frame presents a valid description of the data (Flick, 2014). For an overview of the eight steps in qualitative content analysis, see figure 1.

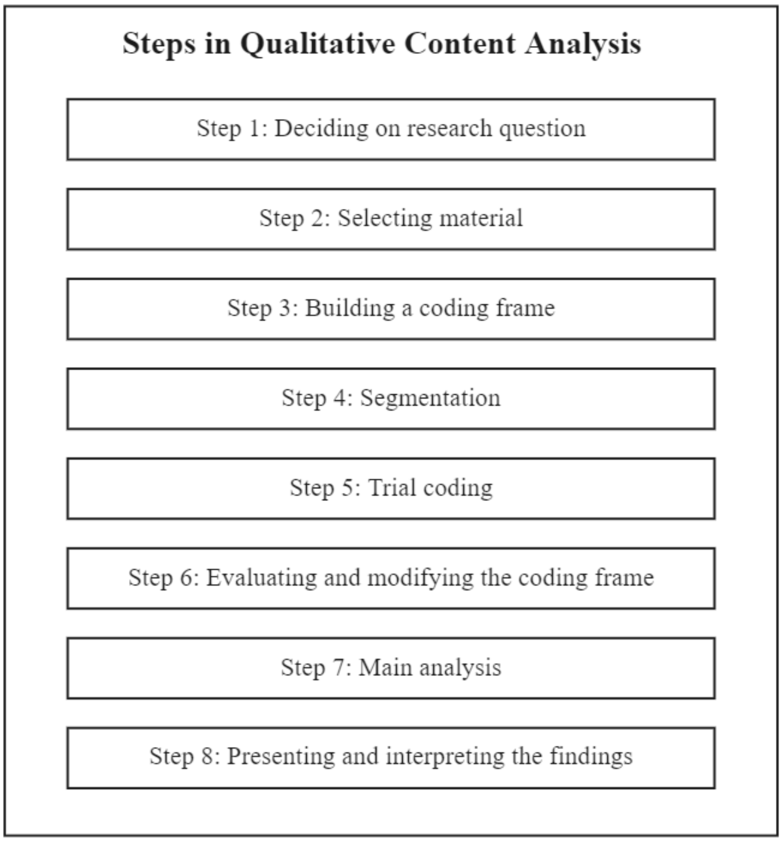

Figure 2: Steps in Qualitative Content Analysis (Flick, 2014)

1. Deciding on research question: As mentioned before, the main question that this research aims to answer is: What are the micro foundations of DCs in HRM and how can they help to adapt to exogenous shocks, such as the COVID-19 health crisis? Therefore, the QCA will be conducted with the purpose of getting insights about this research question.

2. Selecting material: In the second step, it is key to select a suitable sample from the material which reflects the full diversity of the sources. Research suggests that it is more effective to split the overall material into smaller parts, as it allows to build the coding frame successively for each part. For the purpose of this research, a representative selection would mean one interview from each group of HR experts from small, medium-sized and large companies (Flick, 2014).

3. Building a coding frame: In this step, the main categories and the respective categories for each main category are defined in the so-called structuring and generating process. Here, research differentiates between the concept- and data-driven approach (Flick, 2014) Following the concept-driven approach, the definition of categories happens based *"on previous knowledge: a theory, prior research, everyday knowledge, logic, or an interview guide"* (Schreier, 2012: 176). The data-driven approach on the other hand includes different strategies, such as successive summarizing, to paraphrase text passages, remove irrelevant parts and summarize similar passages that are transformed into categories (Mayring, 2000). For this research, a combination of concept- and data-driven approaches was chosen, as the interview guideline which is based on the theoretical concept of DCs offers a suitable concept-driven approach to organize and assign the content effectively through defining the main categories upfront. The subcategories were built in a data-driven way to reflect the variety and depth of different DCs in HRM. After naming the categories, stating explicit descriptions and positive examples, the coding frame was revised and expanded accordingly.

4. Segmentation: This fourth step provides a foundation for the evaluation of the two rounds of coding regarding the consistency of the coding frame. To achieve comparability, the two rounds of coding must be applied to the same parts of the material. Therefore, the material must be segmented into units so that each unit matches one (sub)category of the coding frame (Flick, 2014; Schreier, 2012). That can either be done by formal segmentation, based on inherent structure (words, sentences, phrases etc.), or thematic segmentation, based on topic changes (Rustemeyer, 1992). Unless the formal criteria match the definitions of the (sub)categories exactly, they might not lead to relevant units. Thus, the material for this research was divided by thematic criteria as they allow a segmentation based on content-related changes and fit (sub)categories better (Flick, 2014). Here, it is important to note that the segmentation had to precede coding.

5. Trial coding: After the first four steps, the initial coding frame is applied to the pre-selected material sample, main category by main category, and a first coding sheet is created, the coding units representing the rows and the categories representing the columns. Each subcategory is entered into the corresponding cell (Flick, 2014).

6. Evaluating and modifying the coding frame: After the trial coding, the frame must be checked for consistency and validity (Barbour & Barbour, 2003; Schreier, 2012; Silverman, 2013). Consistency describes whether the definitions of the categories were clear and led to mutually exclusiveness of coding units in both coding rounds. Validity accounts for the description accuracy, so in other words whether the coding frame describes the material well.

An indicative measure for that is the coding frequency across subcategories for a main category, as a high coding frequency for residual categories implicates that the frame does not describe the material well (Barbour & Barbour, 2003; Schreier, 2012).

7. Main analysis: In this step all material will be coded, and the coding frame cannot be modified anymore. Inconsistencies will be resolved and results prepared for answering the research question (Schreier, 2012).

8. Presenting and interpreting the findings: The final (sub)categories are presented in the format of text matrices filled with quotes (Flick, 2014) and interpreted in the Result section of this research (chapter 4).

The above-mentioned steps of qualitative content analysis were conducted with the help of the AI-powered analytics software *consider.ly* (https://consider.ly/).

4 Results

The main categories of the coding frame were created in a concept-driven way. The DC framework by Teece et al. functioned as the theoretical foundation for the conceptualization of the interview guidelines and therefore the three dimensions of DCs in HRM present capabilities to sense opportunities and threats (D1), to seize opportunities (D2) and to transform the resource base (D3). The second order categories and the third order categories were created in a data-driven way according to step 3 of the QCA (chapter 3.3). The third order categories were organized according to their relevance for attraction, retention, and motivation activities of the HR Team (HRT). They will be explained in detail by starting with the third order categories of relevance for all three activities followed by third order categories only applying to two or one of the activities.

4.1 Capability to sense opportunities and threats

The first main category representing the first dimension of DCs consists of two second order categories, namely *External research processes* and *Internal research processes* which aggregate the statements of the experts accordingly.

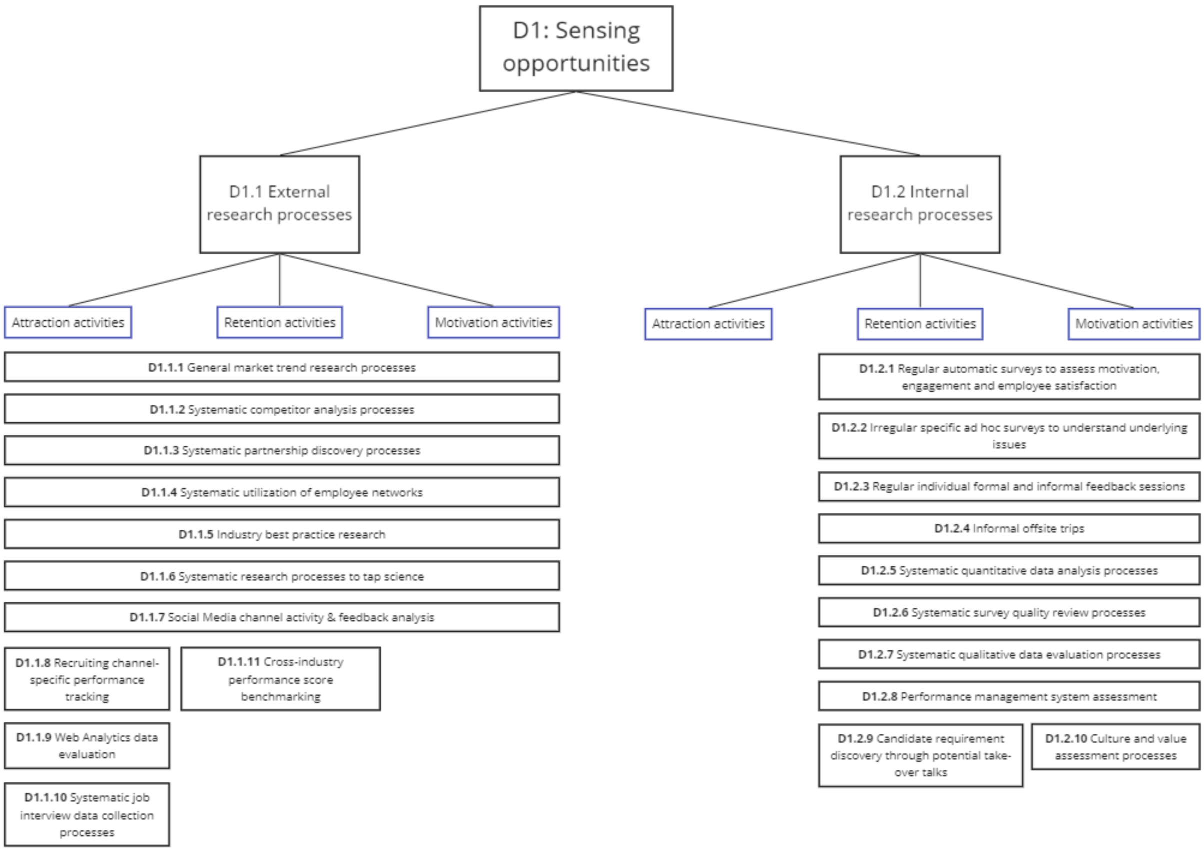

Figure 3: Category system of micro foundations related to dimension one of DCs in the context of HRM (own illustration)

4.1.2 External research processes

The *External research processes* second order category includes 11 third order categories. Several third order categories could be identified based on statements about *External research processes* that have been argued to promote the capability to sense opportunities and threats across attraction, retention, and motivation activities equally. *General market trend research processes (D1.1.1)* include systematic information gathering about e.g. general politic, legal, economic developments and crises (e.g. COVID-19) and allow the HRT to be up-to-date about general trends and developments affecting attraction, retention and motivation activities. Complementary to that are *Systematic competitor analysis processes (D1.1.2)* which focus on information gathering about competitors' hiring processes, salaries, benefits and perks, and their learning and development programs. *Systematic partnership discovery processes (D1.1.3)* present another option of sensing capability, e.g. leveraging partnerships with universities allows the HRT to get a direct feedback channel about preferences of undergraduate and graduate students. Moreover, partnerships with headhunters and recruiting agencies allow for insights about overall hiring trends and partnerships with e-Learning software providers or training companies offer opportunity to get first-hand access to technological innovations. Another activity that presents a promising way to discover new trends and innovation is the *Systematic utilization of employee networks (D1.1.4)* as frequent informal information exchanges between contacts from different companies allows the HRT to gather information about other companies that are not publicly available. Contacts within other companies can provide insights about practices that were perceived as useful, problems of systems and employee attitude shifts behind the curtain. *Industry best practice research processes (D1.1.5)* include systematic analyses of successful companies in the same vertical or adjacent industries and can include procedures, such as walking through their hiring processes out of the perspective of an applicant, to learn about underlying success factors and identify potential application areas. *Systematic research processes to tap progress in science (D1.1.6),* such as following recent publications about psychological factors related to employee motivation, was argued to support sensing opportunities and threats. Lastly, it should be a key task of the HRT to conduct *Social Media channel activity & feedback (D1.1.7) analyses* on a daily basis to gather information about the performance of the companies' online activities and follower behaviors. Moreover, it allows the HRT to collect external feedback about the hiring process and the employers' online presence, incl. website, job postings and the application portal.

The third order category that was assigned to *D1.1* and mentioned in the specific context of attraction activities presents *Recruiting channel-specific performance tracking (D1.1.8)*. Experts specifically mentioned the relevance of generating insights about the performance of the employers' various recruiting channels to understand changes in candidate searching behavior. *Web Analytics data evaluation (D1.1.9),* e.g. using Google Analytics, also showed to allow the HRT to understand when, where and how potential candidates are looking for new jobs. Another valid method to sense new opportunities are *Systematic job interview data collection processes (D.1.1.10)*, including systematic information collection about the background of a candidate, her reasons to leave the previous employer and specific factors relevant for her decision of her future employers.

Another retention related third order category that was emphasized by experts is the importance of *Cross-industry performance score benchmarking (D1.1.11)* of own retention activity performance, e.g. measured through the ENPS (Employee Net Promotor Score), not only with companies in the same vertical or industry, but also across adjacent and more distant industries to understand shifts in employee preferences.

4.1.2 Internal research processes

The second order category *Internal research processes (D1.2)* consists of 10 third order categories which have been argued to present inward-facing practices in sensing opportunities regarding retention and motivation activities.

One very important continuous process that was argued to allow the HRT to sense opportunities and threats in both retention and motivation activities, is the launch of *Regular automatic surveys to assess motivation, engagement, and employee satisfaction (D1.2.1).* Systematic data collection and feedback gathering helps to identify employee needs, changes in attitude and estimate overall employee satisfaction, incl. the performance of benefits and perks. Automatic survey tools were praised by the experts as they allow to save a lot of time, simplify the data collection, and make measurable tracking possible through the calculation of the Employee Net Promoter Score (ENPS) which presents a good metric for retention activity performance. Here, regularity is key which is why the HRT uses these tools to send out a small number of questions (up to 4 or 5) every week, a survey with up to 30 questions every quarter and a very broad survey with up to 60 questions every year. To gather information about uncommon happenings or to get more in-depth insights about specific information collected through regular automatic surveys, HRTs launch *Irregular specific ad hoc surveys to understand underlying issues (D1.2.2)* and therefore create a fundamental basis for actions. In context of the pandemic, examples include specific questions about needs regarding home office equipment, collaboration tools and personal stress factors etc. In a similar manner, *Regular individual formal and informal feedback sessions (D1.2.3)* also allow the HRT to discover opportunities or threats in a qualitative way, in the form of clearly scheduled one on one meetings with employees, team leaders and C-Level and have been found to be ideal to follow up on survey findings. *Informal offsite trips (D1.2.4)* or social events play another significant role in gathering personal information and feedback which in other circumstances might not be accessible. To interpret the information from surveys and their relevance effectively, HRT should also have *Systematic quantitative data analysis processes (D1.2.5)*, in the form of integrated statistical software programs, in place to guarantee insight quality. To ensure that the automatic and specific ad hoc surveys continuously cover relevant topics and include accurate questions, it is also key to have *Systematic survey quality review processes (D1.2.6).* Moreover, *Systematic qualitative data evaluation processes (D1.2.7),* such as basic feedback and conversation protocols allow the HRT to first store relevant data and evaluate it accordingly. Here, an important aspect is the *Performance management system assessment (D1.2.8)*, including frequent checks to see whether every employee received feedback, perceived it as useful and that it came from peers and managers with sufficient knowledge.

In context of only retention activities, *Candidate requirement discovery through take-over talks (D1.2.9)* describes an important process in which young talent, such as undergraduate or graduate students, who work in intern or working student positions and have performed well are asked about personal preferences and conditions under which they would like to join the company permanently. That allows the HRT to understand significant factors influencing the perceived attractiveness of the employer and therefore creates a fundament for the adjustment of retention activities.

Important to sense opportunities and threats regarding motivation activities, experts mentioned the importance of *Culture and value assessment processes (D1.2.10)* to systematically examine whether the company values are still relevant to employees and lived by them. An exemplary approach is described by EX/1: *"We always collect examples of our current values in the weekly team meeting every Friday that have come to our attention during the week, where someone has particularly acted on one of these values, or maybe not."* Such a systematic assessment of the relevance of values is used as the foundation for decision-making and can be complemented by further behavioral assessments that allow the HRT to notice potential for changes.

4.2 Capability to seize opportunities

For the second order category covering the second dimension of DCs, the QCA of the expert interviews resulted in four third order categories, namely *Communication systems, Culture & values, Decision-making processes* and *Flexible sourcing options and programmed slack.*

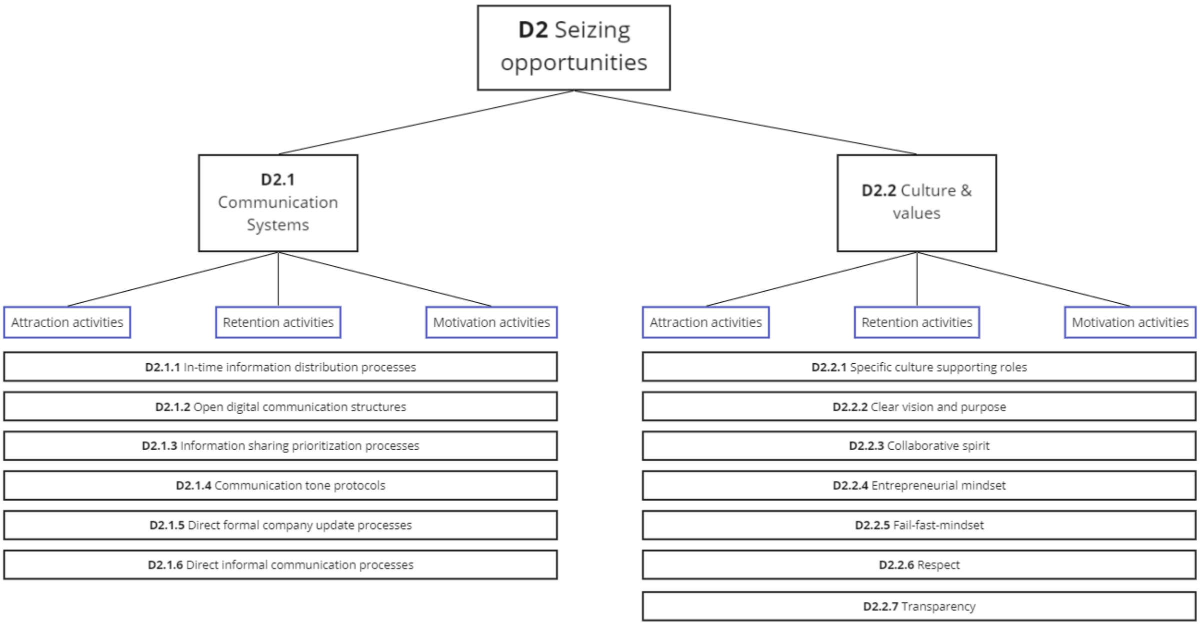

Figure 4: First part of category system of micro foundations related to the second dimension of DCs in the context of HRM (own illustration)

4.2.1 Communications systems

The second order category named *Communication systems (D2.1)* includes six third order categories relating to attraction, retention, and motivation activities equally. Experts mentioned the relevance of *In-time information distribution processes (D2.1.1)* for the capability of the HRT to seize opportunities for all activities. Especially during uncertain times with geographical separation of employees, systematic updating and communication procedures (daily, weekly or monthly) were highlighted to decrease the time lag of information distribution. Furthermore, *Open digital communication structures (D2.1.2)* are key to enable information accessibility. Secure intranets, in a social media platform format, proved to enable easier and faster information accessibility across different locations and therefore shortened feedback cycles and increased decision-making speed. Complementary to that are *Information sharing prioritization processes (D2.1.3)* which enable the HR team to decrease information overload and transmit important information to the right contacts, e.g. decision makers faster. Experts have also mentioned that the formulation and integration of *Communication tone guidelines (D2.1.4)* results in a more optimistic mood among employees and therefore more effective communication. Employees are guided to focus on avoiding negative communication styles internally and externally, thereby reducing misunderstandings and conflicts. Direct communication processes play a significant role too, as these decrease the distortion of information through more involved communicators in indirect communication processes. Here, the review of the expert statements suggests that *Direct formal company update processes (D2.1.5)*, such as “CEO meets employees”-events or similar official company meetings with C-Level and all other employees. More specifically, experts mentioned that public presentations about company performance, recent developments and department actions lead to generally more awareness among employees. *Direct informal communication processes (D2.1.6),* such as bi-weekly coffee breaks within teams or other group formations, present another way to exchange information directly but in a more comfortable and less formal way, allowing for more unfiltered facts and opinions.

4.2.2 Culture & values

The *Culture & values (D2.2)* second order category consists of nine third order categories that all relate to increases in seizing opportunities in attraction, retention, and motivation activities equally. Particularly highlighted by experts were *Specific culture supporting programs (D2.2.1),* also called “Cultural ambassador programs”, which are created to assign specific representative roles to engaged employees in each team to focus on nurturing the culture and demonstrating the values. Key to strategic decision skills regarding HR activities are also *Clear vision and purpose (D2.2.2)* which need to be present among all employees, not only upper management, as they support the HR team to prioritize opportunities effectively and thereby ensure alignment with the company goals and strategy. *Collaborative Spirit (D2.2.3)* is another key element of the company culture which complements systematic inclusion processes through individual behaviors, expressed as general willingness to help colleagues, supports fast decision-making. Experts also highlighted the importance of an *Entrepreneurial mindset (D2.2.4)* among the employees as this attitude drives innovation and accelerates decision-making processes. The accompanying proactive behavior was argued to often lead to significant progress when relevant decisions were stuck due to information ambiguity. Nurturing a *Fail-fast mindset (D2.2.5)* also illustrates another part relevant to effective opportunity seizing, as it allows for effective testing and early validation or falsification of ideas to generate a reliable fundament for decision-making.

Furthermore, there were two more values mentioned by experts that out of their perspective are critical to effective seizing of opportunities within a company or specifically in the HR team.

Respect (D2.2.6) and *Transparency (D2.2.7)* play a significant role for the social interaction and information sharing, as they prevent biases and generate reliable information as foundations for decision-making.

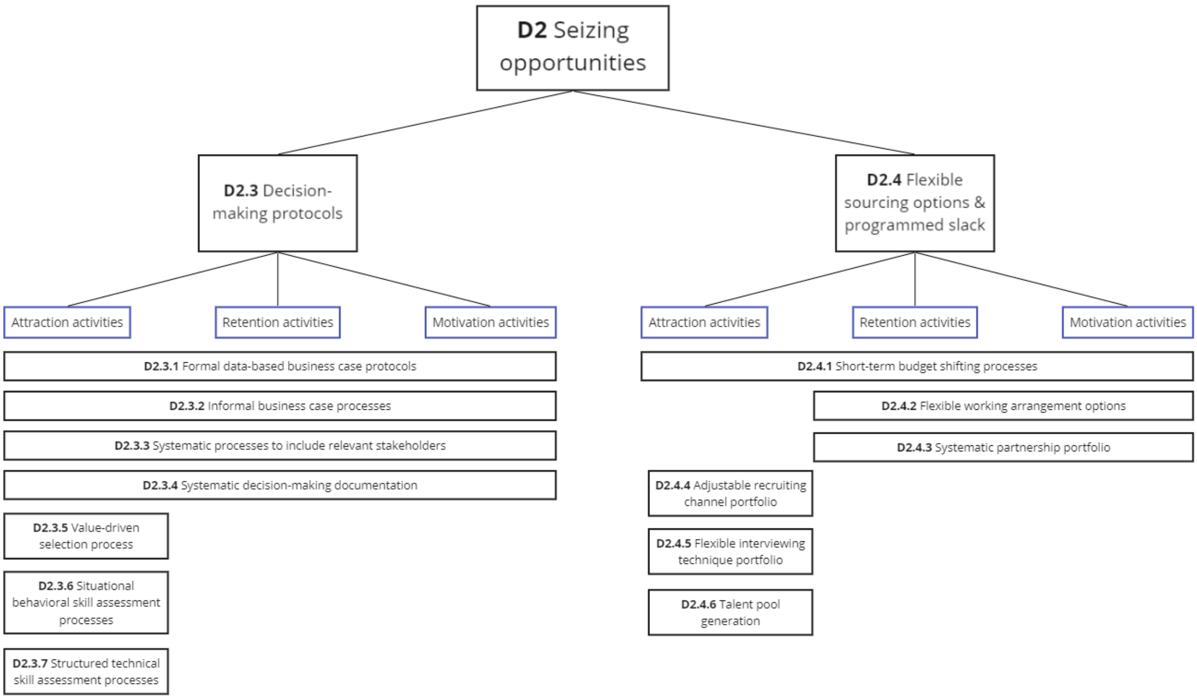

Figure 5: Second part of category system of micro foundations related to the second dimension of DCs in the context of HRM (own illustration)

4.2.3 Decision-making protocols

The second order category of *Decision-making protocols (D2.3)* involves four third order categories which cover attraction, retention, and motivation activities equally. To ensure that decisions are made in a reliable way, the use of *Formal data-based business case protocols (D2.3.1)* is important, as the systematic data inclusion from the external or internal research processes prevents gut-based decisions and allows to focus on important metrics and KPIs. On the other hand, experts emphasized the importance of *Informal business case processes (D2.3.2)* as specifically relevant for decisions about investments that lead to benefits which are not directly measurable in monetary terms, such as specific Learning & Development expenses. Therefore, the estimation of when to use which practice is key to the capability to seize opportunities. To ensure that all relevant factors and objections have been considered, *Systematic processes to include relevant stakeholders (D2.3.3)* should be in place. Another proven practice to improve this capability, as argued by the experts, is the *Systematic decision-making documentation (D2.3.4),* covering decisions made regarding candidate selection, working arrangements or training budgets. The collection of factors and reasons involved in every of these decision-making types can then be accessed and reviewed afterwards for improvement.

Particularly relevant for seizing opportunities regarding attraction activities are three more third order categories. Here, systematic *Value-driven selection processes (D2.3.5)* help to choose candidates aligned to the culture and values of the company and thereby reducing the risk of integration barriers and toxic behavior. *Situational behavioral skill assessment (D2.3.6) processes* on the other hand allow the HRT to make candidate selection processes more flexible. To make effective decisions regarding roles with more technical requirements, the experts highlighted the importance of *Structured technical skill assessment processes (D2.3.7)* as these skills can be tested in more rigid way, less dependent on contextual circumstances.

4.2.4 Flexible sourcing options and programmed slack

The third order category *Flexible sourcing options and programmed slack (D2.4)* refers to six processes or activities that enable flexibility and alternative options to seize opportunities in attraction, retention, and motivation activities.

First, the importance of *Short-term budgeting shifting processes (D2.4.1)* was mentioned in context of attraction, retention, and motivation activities equally as these allow to source resources to be distributed to urgent and unforeseen investments in time. In one specific case, one expert stated that the company and the HRT have protocols in place that allow to shift budgets on a daily basis after being verified through data-based decision-making protocols (chapter 4.2.3). For instance, these budgets are used for new recruiting software tools, Home office equipment or specific Learning & Development requests to equip employees with a new skillset.

With reference to seizing retention and motivation opportunities, *Flexible working arrangement options (D2.4.2)* were highlighted by experts, as an existing variety of options allows the HRT to implement new initiatives or choose from existing ones in consonance with changes of employee preferences. Here, emphasis is put on having different career path options already conceptualized and available to employees to allow for career progress through technical knowledge and expertise without requiring leadership responsibilities as well as getting up the ranks into managerial positions. A portfolio of different working time modules for employees in different circumstances, such as recent relocation to a different time zone, as well proved helpful to adjust to changes in the working environment and thereby to seize opportunities. A *Systematic Partnership Portfolio (D2.4.3)* also increases the flexibility as it allows the HRT to switch between them more easily if needs for different services software vary.

Particularly relevant to attraction activities is an *Adjustable recruiting channel portfolio (D2.4.4)*, including a mix of online (Social Media, job portals, website) and offline channels (OOH, WOM) as well as active targeting processes through HR specialists. To have a variety of channels and corresponding activity protocols integrated, which are selected based on continuous performance measurement, allows HR to adjust the recruiting activities to target potential candidates proactively or react upon changes in their behavior more quickly. Following the recruiting, a *Flexible interviewing technique portfolio (D2.4.5)* was argued to allow HR to switch easily between different assessment techniques and use the appropriate ones for different candidates and roles. Here, it is essential to have a collection of systematic techniques, but to keep the portfolio open to new techniques identified through internal or external research processes. To prevent seasonal candidate shortages for specific roles, HR should also make use of *Systematic talent pool generation (D2.4.6)*. For example, HR can integrate processes that allow high quality candidates who managed to get into the last round of the selection process to enter a talent pool and agree to get contacted by HR if new fitting job vacancies arise. This practice does not only allow to prevent candidate shortages, but also let HR accelerate the hiring process for new vacancies while keeping quality of selection high and therefore increases the capability to seize attraction opportunities faster.

4.3 The capability to transform the resource base

The third dimension of DCs, according to Teece’s theory (2007) and in context of HRM-related activities, consists of three second order categories, namely *Organizational structures, Governance processes* and *Learning & development.*

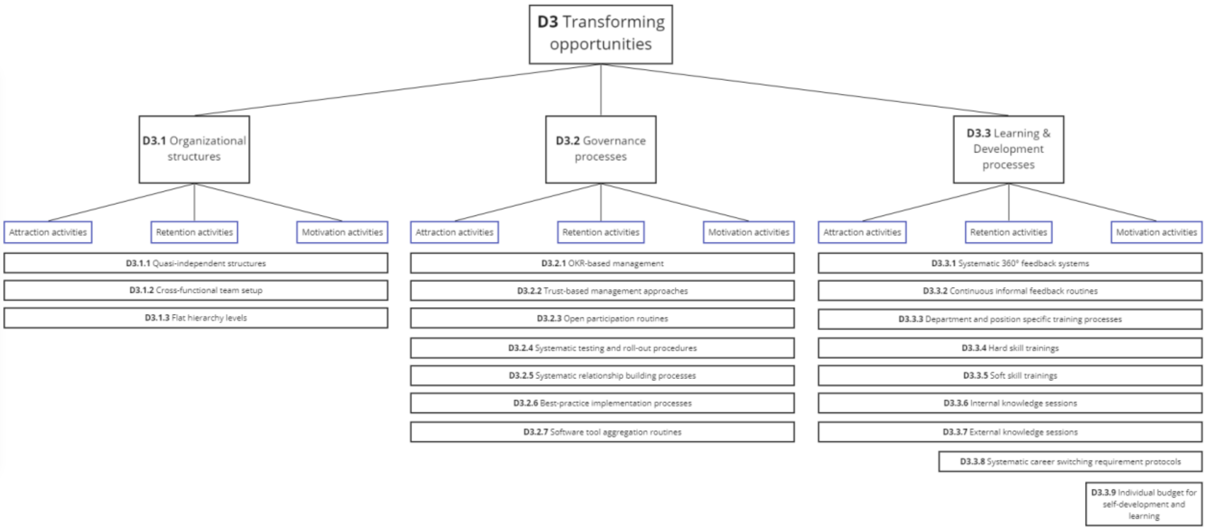

Figure 6: Category system of micro foundations related to the third dimension of DCs in the context of HRM (own illustration)

4.3.1 Organizational structures

Based on the QCA of the expert interviews, three third order categories have been identified that present elements of *Organizational structures (D3.1)* relevant to transforming attraction, retention, and motivation opportunities. In this context, experts argued *Quasi-independent structures (D3.1.1)* to be essential for transforming opportunities, as these allow the HR team to implement more targeted initiatives to specific activities without affecting other activities and therefore avoiding additional complexity, misalignments, and negative spill-over effects. An example would be to implement a new hiring selection practice that can be integrated without affecting decision-making protocols related to training budgeting. A further way to complement these structures and improve the capability to transform opportunities is a *Cross-functional team setup (D3.1.2)*. It allows the HR team to implement new initiatives or programs in different teams more easily due to an increased understanding of interdependencies between HR and different teams and achieve interest alignment. An example mentioned by an expert describes the assignment of one HR manager to a specific cross-functional team, in this case based on product type, who is responsible for all HR-related topics in that team. Ultimately, *Flat hierarchy levels (D3.1.3)* enable the HR team to manage the transformation process of specific activities in an effective matter by reducing coordination efforts, avoiding interest misalignment, and optimizing functional integration.

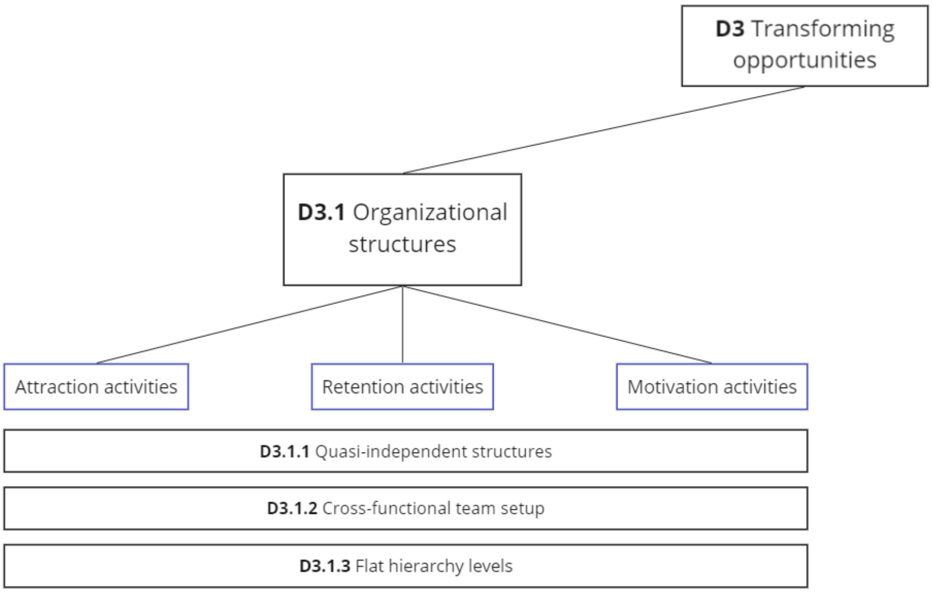

Figure 7: Second order category of *Organizational structures* and the according third order categories

4.3.2 Governance processes

Governance processes (D3.2) as another second order category consists of 12 third order categories that play a role for transforming attraction, retention, and motivation activities. A first governance mechanism is the *OKR-based management (D3.2.1)*, as identified by the experts, which describes a popular goal management framework used in many tech companies. OKR stands for Objectives and Key Results and it guides managers and teams through clear and quantifiable goal definitions (Objectives) in the form of metrics. To simplify these Objectives into tangible parts, sub-goals (Key Results) are defined that together allow the teams to track performance and achieve the Objectives. The main benefit offered by this framework is the shift of focus on outcomes that matter, increased transparency and better strategic alignment. The integration of this framework was reported to increase the capability to transform opportunities related to HR activities. This goal management approach can be complemented by *Trust-based management approaches (D3.2.2),* demonstrated through the refusal of working time tracking, media, and device usage monitoring. Experts claimed that the replacement of micro-managing processes with *Trust-based management approaches* led to more effective transformation processes of initiatives, such as new interviewing techniques for different roles, by broadening the scope of opportunities. *Open participation routines (D3.2.3)* present another promising alternative that allows HR to transform existing activities or implement new ones successfully, as the systematic inclusion of employees during these processes leads to higher acceptance and incentive alignment of new measures. Examples include the systematic vote for content of knowledge events or collective discussions about training offerings. To make use of the external research findings about other companies' HR activities, *Best-practice implementation processes (D3.2.4)* play a significant role in assisting the HR team to integrate promising solutions into existing structures by systematically analyzing potential overlaps and starting points. Furthermore, it is key to have *Systematic testing and roll-out procedures (D3.2.5)* in place to ensure a calculated adjustment process. Depending on the scope of the transforming opportunity and its estimated impact, clearly planned tests and following incremental roll-out steps allow HR to identify potential obstacles early on to allow pivoting and a smooth transition process. To further assist in coordinating and integrating new initiatives, *Systematic relationship building processes (D3.2.6)* pose significant, as these allow HR to create trust and understanding among the involved stakeholders. HR can therefore build further upon its mediating role between these actors to support transforming existing infrastructures or processes. On top of that, HR teams can benefit from *Software tool aggregation routines (D3.2.7)* that allow for lucid requirement analyses which for instance can help to accelerate transition processes from an old software tool to a new one.

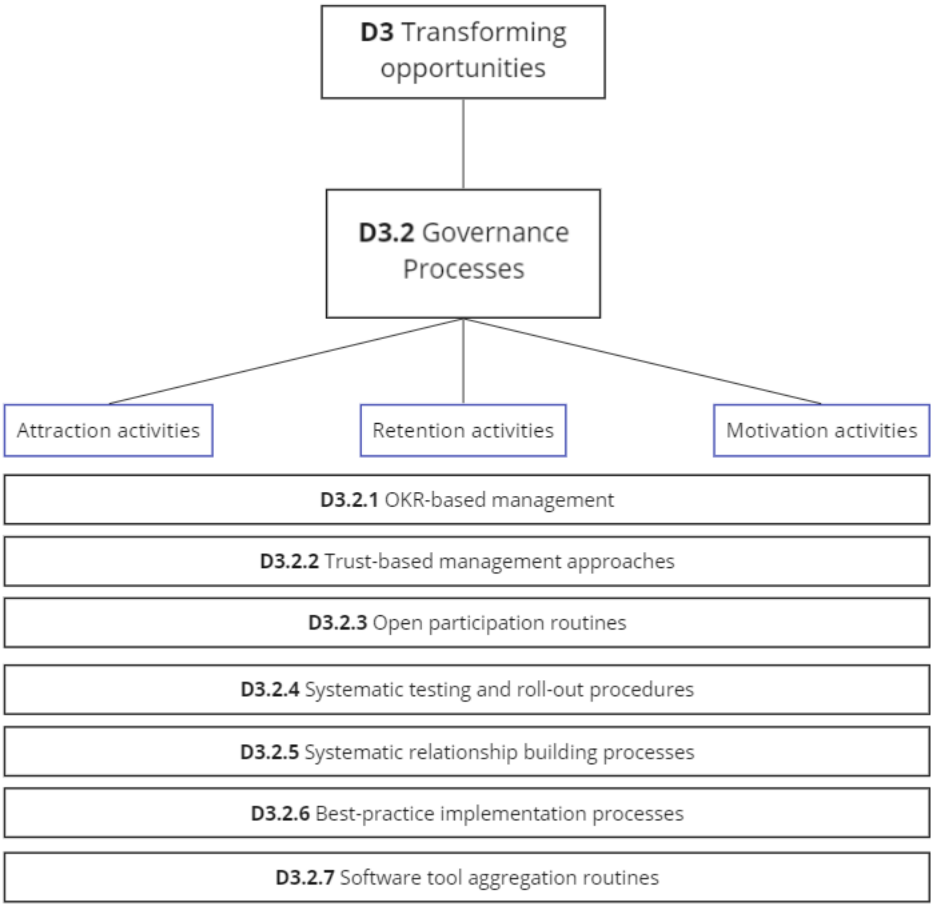

Figure 8: Second order category of *Governance processes* and the according third order categories

4.3.3 Learning & development

Learning & development processes (D3.3) as the last second order category of transforming capabilities comprise a variety of procedures and routines that cover some areas of direct HR activities and at the same time help the HR team itself to transform the resource base of HR activities as a DC. Thus, for the purpose of this research the third order categories of *Learning & development processes (D3.3)* are considered DC micro foundations of HRM.

In total, there are 10 third order categories assigned to this second order category in context of attraction, retention, and motivation activities. Among the most frequent mentioned practices to improve the capability to transform the resource base, in this case HC, are *Systematic 360° feedback systems (D3.3.1)*. These allow the HR team to collect and evaluate information about the performance of employees from both managers and peers and thereby to generate reliable und useful feedback. This feedback builds the foundation for critical practical steps for improvement of certain skills or behaviors. Experts mentioned the use of structured skill, behavior, and value matrices to be effective for illustrating employees their strengths and weaknesses and improvement potentials. Following that review, specific goals and steps on how to achieve them are identified and agreed on by the manager and employee. Here again, the HRT should maintain a degree of flexibility for adjustment of the matrices after the collection of feedback. Clearly defined feedback intervals are critical to ensure in-time development planning. As important as these official feedback meetings are *Continuous informal feedback routines (D3.3.2)* between managers and the team members, as they provide the opportunity to get direct task-related feedback and advice without time lag and most importantly allow the employee to prepare for the official performance assessment and feedback meetings and so to avoid surprises.

Based on the specific requirements, the urgency of the new skill acquisition and differences in the environment, experts pointed out the relevance of *Department and position specific training processes (D3.3.3)* which help to increase the suitability and effectiveness of training plans and objectives. After feedback has been communicated and development plans have been defined, the systematic use of *Hard skill (D3.3.4)* and *soft skill trainings (D3.3.5)* helps to provide employees with the opportunity to learn and practice new skill sets which can be applied in daily operations and help to integrate or transform resources. Targeted information sessions about situational topics or long-term trends in the form of *Internal knowledge sessions (D3.3.6)* and *External knowledge sessions (D3.3.7)* were argued to present valuable means of sharing new knowledge among employees. *Internal knowledge sessions (D3.3.6)* were usually organized and conducted by employees for other employees while the HR team invites experts from various areas of interest to hold *External knowledge sessions (D3.3.7)*. Not only conventional, business-related content was mentioned to have a positive effect on the employees' performance and engagement, but also unconventional topics, such as Calligraphy were perceived as inspiring and helpful to work-related issues.

If employees want to stay in the company, but would like to transition to another role, experts suggest implementing *Systematic career switching requirement protocols (D3.3.8)*. These allow employees to inform themselves about options and compare their own skills with the requirements to evaluate the fit of another position. Thus, career paths become flexible, but at the same time employees are aware of what exactly is required to perform in other roles and departments.

Another mechanism to allow employees autonomy and the opportunity to acquire just-in-time knowledge without long approval cycles, some experts emphasized the effectiveness of *Individual budget for self-development and learning (D3.3.9)* which can be freely spent with minimum criteria of delivering any kind of tangible or intangible value to the employee. These budgets could rank up to 1,500€ per year.

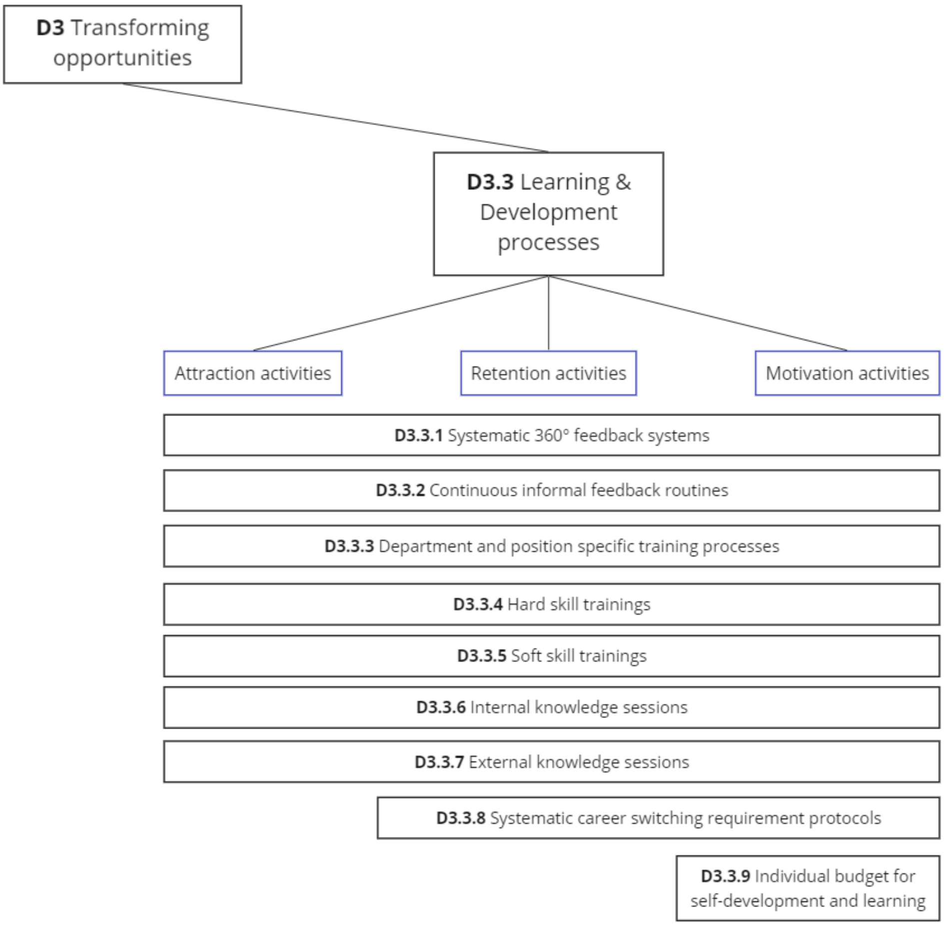

Figure 9: Second order category of *Learning & Development processes* and the according third order categories

4.4 Expert evaluation of HR activity performance

After in detail explanations of sensing, seizing, and transforming capabilities used before COVID-19, the experts were asked to evaluate the performance of the attraction, retention, and motivation activities as of now compared to the levels in the years before the pandemic. They had to state specifically whether the performance of all three activity categories remained the same, improved or decreased. Based on the responses, an overview was generated to underline the effectiveness of DCs in HRM to maintain adaptability. The three main categories present *Attraction performance, Retention performance* and *Motivation performance* respectively which consist of one further level of sub-categories. To quantify the results of the performance evaluations and get a picture about the effects of the respective DCs, the number of mentions regarding each sub-category were counted and put in relation to the total number of unique mentions of each of the six participants.

4.4.1 Attraction performance

The statements about the *Attraction performance* are aggregated into three sub-categories, namely *Number of applicants, Hiring numbers* and *Candidate quality*. In context of the *Number of applicants,* a clear majority of four out of six experts stated that they had a higher number of applicants than in the previous years. One expert stated that they recorded an equal number of applicants and one other mentioned a decrease in the *Number of applicants.* Research conducted by the HR team discovered that the reason was a perceived high uncertainty regarding the financial security of the company as an early-stage startup. Two experts claimed that the *Number of new hires* remained as high as before and three out of six recorded a higher *Number of new hires* than before COVID-19. Only one expert stated a decrease of *Number of new hires.* Another criterion that was used by the experts to underline the performance of attraction activities was the *Candidate quality.* Here, two experts stated equal quality of new hires compared to before COVID-19, but a majority of four experts recorded a higher quality of hired employees. With an average of 3.66 out of 6 experts claiming a significant improvement of the numbers in the three sub-categories assigned to *Attraction performance*, one can say that the identified micro foundation of DCs in HRM nurture attraction activities.

4.4.2 Retention performance

In context of *Retention performance*, the statements of the experts were aggregated into two sub-categories, namely *Fluctuation rate* and *ENPS rating*. These sub-categories were argued to present measurable components to evaluate the *Retention performance*. Only one expert stated that the *Fluctuation rate* remained the same compared to the year before COVID-19, but a majority of five experts noted that the *Fluctuation rate* decreased to nearly zero during the time of COVID-19. The experts also pointed out that it is not clear whether fewer employees left the company due to effective retention activities or due to the higher perceived risk of switching jobs during the COVID-19 crisis. According to the experts, the *ENPS rating* promises a more reliable benchmark, as it takes the same factors into account to measure the employee satisfaction as it did before COVID-19. One half of the experts (3/6) recorded that the *ENPS rating* remained at an equal level compared to before COVID-19 and the other half reported an increase in the *ENPS rating*. Not one expert mentioned a decrease in the *ENPS rating* which underlines the assumption that the identified micro foundations of DCs helped to maintain effective retention activities.

4.4.3 Motivation performance

Regarding the *Motivation performance*, two sub-categories, namely *Employee motivation level* and *Employee collaboration level* were consolidated from the statements of the experts. The *Employee motivation level* was assessed based on personal impressions through qualitative feedback and survey data. A majority of four experts noted that the *Employee motivation level* remained the same compared to the years before COVID-19. One expert reported a lasting increase of the *Employee motivation level* during COVID-19 compared to the level before. Another reported a decrease in *Employee motivation level* which was mostly due to particularly high drops in motivation of employees in outward-facing roles, such as sales or business development. Employees in these roles were used to travelling to and meeting clients in other regions on a regular basis and got frustrated and less motivated by the restrictions due to COVID-19. Except for this one expert who reported a decrease in *Employee motivation level*, a majority claimed to have maintained at least an equal level of motivation among their employees which supports the effectiveness of DCs in context of motivation activities. In context of the *Employee collaboration level* two and three experts reported equal and higher levels of collaboration than before COVID-19. Many teams were reported to have strengthened their relationships and productivity during times of COVID-19. Only one expert pointed out that the level of collaboration between employees decreased significantly due to local distances and communication barriers, demonstrating the effectiveness of sensing, seizing, and transforming capabilities in context of collaboration mechanisms. Considering that a clear majority of experts reporting equal or better levels of employee motivation and collaboration, it becomes clear that the micro foundations of DCs in HRM distilled from the interviews enabled the HRT to perform motivation activities effectively.

5 Conclusion

The literature and recent happenings in context of the COVID-19 crisis, highlight the importance of employees, their experience, knowledge, and capabilities, defined as Human Capital, to the survival and success of companies (Hatch & Dyer, 2004). As commonly known, Humans are not so easily to predict and align as other resources and companies are facing dilemmas to generate effective HC and manage it accordingly (Russel Coff, 1997; Russell Coff & Kryscynski, 2011). Especially now, considering the increasing frequency and severeness of changes in the environments that firms are operating in, HC needs to become more adaptable to allow the company to react more effectively to exogenous changes (Collins & Smith, 2006; Delaney & Huselid, 1996; Jackson, Chuang, Harden, & Jiang, 2006). To understand the sources of adaptability in relation to effective HC, the DC framework by Teece et al. (1997) was chosen as a theoretical foundation for the qualitative research approach in this dissertation. The qualitative research setup offered a promising way to understand how experts from the field manage their employees and to derive empirical insights complementing the DC framework.

By combining concept- and data-driven approaches to build the coding frame, the three main Dimensions of DCs, namely capabilities to sense opportunities and threats (D1), to seize opportunities (D2) and to transform the resource base (D3), were used as a foundation to uncover the underlying micro foundations (second and third order categories). This approach, following the QCA (Flick, 2014; Schreier, 2012), allowed for a systematic analysis and categorization of the expert statements and helped to answer the three main research questions as follows:

1. What measures and initiatives, potentially representing Dynamic Capabilities in HRM, were reported to be present in companies before COVID-19?

When the experts were systematically asked about measures, initiatives or processes which were reported to enable flexibility in HRM, a categorization of second order micro foundations was created based on their statements with some overlaps to the framework by Teece et al. (2007). It becomes obvious that systematic research processes, focused internally and externally, also play a significant role for sensing HC-related opportunities and threats. But instead of separating these research processes into four second order micro foundations, here the statements were aggregated into two. Each of the two have 11 and 10 third order micro foundations (see Figure 2) and add a significant layer to the framework which enables a deeper understanding of DCs in HRM. To present the micro foundations of the capability to seize opportunities, four second order micro foundations with a minimum of six and a maximum of seven third order micro foundations have been created. While *Culture & Values (D2.2)* and *Decision-making protocols (D2.3*) significantly overlap with the second order micro foundations of Teece's 2007 framework, *Communication systems (D2.1)* and *Flexible sourcing options & programmed slack (D2.4)* were newly added and offer a rich complement (see Figure 3). Based on the expert's statements, three second order micro foundations, representing *Organizational Structures (D3.1), Governance Processes (D3.2)* and *Learning & Development Processes (D3.3)*, have been created for the *capability to transform opportunities* (see Figure 4). These overlap with some of these micro foundations from Teece's framework, but again offer a deeper impression of DCs by providing a greater variety of third level micro foundations.

2. What do the micro foundations of these DCs look like on a more granular level and how were they deployed during the COVID-19 crisis?

Looking a bit more in depth at the micro foundations, namely the second and third order categories of the three dimensions of DCs, a few findings stand out.

First, to *sense opportunities and threats* related to HC during the COVID-19 crisis, managers relied on some *External Research Processes* that can be found elsewhere in the business context, covering general market research, competitor analysis, partnership leveraging and industry best practices, which are relevant to attraction, retention, and motivation activities equally. Additionally, web and channel analytics helped HRM to spot specific attraction and retention-related opportunities. Naturally, the *Internal Research Processes* were most relevant to retention and motivation activities and the importance of systematic data collection (through surveys, feedback conversations) complemented by quantitative data analyses was highlighted to spot trends related to employee satisfaction and motivation during the COVID-19 pandemic. To understand underlying problems, qualitative data evaluation was pointed out to be critical. According to the experts, the combination of *External and Internal Research Processes* is key to HRM's capability to *sense opportunities and threats*.

Second, a balance of four micro foundations was mentioned to be essential to HRM's capability *to seize opportunities*. *Communication Systems* and *Culture & Values* go together in addressing the issue of information distribution and sharing and are both relevant for attraction, retention, and motivation activities. By having processes in place to increase communication frequency and prioritized information sharing, as well as an open digital communication infrastructure and a clear vision, supported by values, such as transparency, respect, and collaboration, HRM can act on identified opportunities more effectively. These two micro foundations can be complemented by *Decision-Making Protocols* to improve decision-making quality through systematic documentation, reflection and focus on reliable data. Ultimately, by keeping *Flexible Sourcing Options & Programmed Slack* available, HRM becomes more independent and can react faster to changes affecting HC through lower switching costs and more alternatives.

Third, three micro foundations have been identified which were argued to increase HRM's capability to *transform opportunities*. *Organizational Structures* and *Governance Processes* play a significant role in enabling the managers to build upon existing opportunities, adjusting them in different contexts through e.g., *Cross-functional Team Setups* or *Systematic Testing and Roll-Out Procedures* and thereby allow for more flexibility. Furthermore, *Learning & Development Processes*, including feedback routines, trainings, and knowledge events, were mentioned to provide managers and employees with a broader perspective, new skills, and knowledge to enable them to transform opportunities effectively.

3. How were the measures perceived on the performance of the main HR activities?

After evaluating and categorizing the statements of the experts about the performance of the HRM across attraction, retention, and motivation activities, it stands out that a clear majority either reported the same or better performance compared to before the COVID-19 crisis. This is a positive result, as many firms in different industries have reported that they struggled to adjust communication channels to remote-working format and keep the motivation and performance of employees at the same level as before the pandemic. This is a clear indication that the reported processes and practices, summarized in the micro foundations, helped HRM to generate and maintain HC even during these troubling times effectively.

In conclusion, this research contributes to the literature and practice in manifold ways. First, by applying the DC framework of Teece et al. in the context of effective HC management during the COVID-19 crisis, this research offers empirical findings which validate the general applicability of this framework. At the same time, it complements past research by offering more specific insights on how the micro foundations look like and how they can vary to the ones from the original framework in different settings i.e., in specific firm units. As a point of reference, these findings can be used to examine the applicability of the DC framework on a more granular level e.g., in different departments of a company. Second, managers benefit from a more detailed and specific description of the micro foundations of DCs and how these can work, in context of the COVID-19 crisis, to enable effective HRM. Of course, not all of these micro foundations (specifically the third order categories) do necessarily apply to every situation, company, and manager setup equally, but the variety and extent allows the managers to have a valuable portfolio to choose from to improve their HR management in practice.

5.1 Limitations & recommendations for future research

Although this dissertation significantly contributes to research and the practice, it has some limitations that will be outlined in the following. With a total number of six interviews the sample is relatively small compared to the overall number of companies in the Tech Industry in Germany. At the same time, this can be justified by the concept of theoretical saturation (Flick, 2007) which states that the marginal utility of information is reached after a fixed number of interviews. As the number of important new findings decreased significantly from the fourth interview onwards, six interviews are assumed to present an adequate number. Furthermore, this research has been conducted with German companies and their representatives in Germany which leaves the question whether the findings might vary in different countries with different nationalities and cultures. Therefore, it could be interesting to see how this research would have performed in different countries and industries. Another promising direction for future research could be the examination how the stated micro foundations of DCs have been perceived by the individual employees and not only by the HRM experts. Finally, it could be worth to explore whether these micro foundations apply to bigger companies with more employees and if so, to what degree.

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Appendices

Appendix 1: Interview guidelines

Expert Interview: “The potential of adaptive strategies in HRM during crisis”

I: Introduction

General information about company and interviewee

- Size of company
- Industry of company
- Function of interviewee (years of experience), seniority level
- Demographics of interviewee (age, gender, background)

What are Dynamic Capabilities?

- Explanation of the three dimensions of Dynamic Capabilities (DC’s):
- “Dynamic capabilities govern how firms integrate, build, and reconfigure internal and external competences to address changing business environments. Thus, the DC’s define the firm’s capacity to innovate, adapt to change, and create change that is hard to imitate. These can be split in three dimensions, namely…
    - D1: The identification (“sensing”) of technological opportunities (and threats) in the market
    - D2: The mobilization of resources to address needs and opportunities and capture value from doing so (“seizing”)
    - D3: The continued renewal (“transforming”) of internal resources.

II: Dynamic Capabilities assessment before COVID-19

In the following, I want to analyze the degree to which DC’s in HRM, specifically in attraction, retention, and motivation activities, were already pronounced in your company before COVID-19.

Attraction activities:

These include practices that are related to recruiting, selecting, and hiring top talent to the company.

- D1: How do you sense opportunities (and threats) regarding the attraction of new talent in the market?
- D2: How do you enable the seizing of new opportunities to attract talent?
- D3: How do you continuously align, transform and pivot resources and knowledge to adapt to opportunities regarding attraction of talent?

Retention activities:

These include measures that help to keep top talent in the company.

- D1: How do you sense opportunities (and threats) regarding the retention of employees?
- D2: How do you seize new opportunities to retain employees?
- D3: How do you continuously align, transform and pivot resources and knowledge to adapt to opportunities regarding retention of talent?

Motivation activities:

These are defined as practices that are undertaken to nurture employee motivation, such as rewarding systems, task and job design or socialization regimes.

- D1: How do you sense opportunities to improve the motivation of employees?
- D2: How do you seize new opportunities to motivate employees?
- D3: How do you continuously align, transform and pivot resources and knowledge to adapt to opportunities to motivate talent?

Organizational Culture & Structure

The efficacy of sensing, seizing, and transforming opportunities in the areas of talent attraction, retention and motivation is also determined by the organizational culture and structure. Therefore, I will ask a few more questions to assess both in the following.

- Do you actively shape the culture, values, and norms in your company? Do you nurture effective communication, bring together creative and knowledgeable people, and continuously experiment with new ideas and technologies?
- How would you assess the level of hierarchy and bureaucracy in your company?
- Do you have multidivisional, quasi-independent structures?

III: Reactions of HRM & Challenges during COVID-19:

- How did COVID-19 affect your company?
- What has changed with the pandemic in the working environment of your company?
- What did you notice during the pandemic about the way your practices and processes worked?
- What challenges emerged for HRM from the crisis?

IV: Dynamic Capability assessment of status quo:

- As of now, how do you perceive the ability of your department to attract new talent to the company?
- Are you performing as good, better, or worse than before COVID-19?
- How do you perceive the level of retention of top talent?
- How do you perceive the level of motivation of employees?
- How do you evaluate the overall coordination of the changes/initiatives that have been conducted?

Appendix 2: Interview documentation

List of participants

Interview number	Expert ID	Position
1	EX/1	Chief of Staff
2	EX/2	Vice President of People
3	EX/3	Head of HR
4	EX/4	Head of HR
5	EX/5	Co-Founder & Head of People
6	EX/6	CEO

Coding table

(please note that due to the Appendix page limit of 30 pages, only an extract of the coding table is attached)

Expert ID	Unit number	Paraphrase	Generalization	Main category	Second order category	Third order category	HR activities
EX/1	1	Wir haben quasi ein cross-functional setup, wo jeder people Manager für eine Abteilung zuständig ist, also quasi sechs Abteilungen, die jeweils einen Menschen bekommen, der sich um alle people-Themen dieses	Cross-functional HR setup, each People manager is responsible for one functional team	D3: Transforming	Organizational structure	Cross-functional team setup	Attraction, retention, motivation

		Departments kümmert.					
EX/1	2	Plus ein strategisches People-Thema, so nennen wir das, und das ist dann sowas wie im Employer Branding, Recruiting quasi jetzt nicht nur eine operativen Ebene, sondern auch welche Fragen stellen wir in Interviews, wie sieht der Prozess eigentlich aus usw.. Aber auch Personal Development, Office Community Management, Payroll und ja genau.	Each People manager has own strategic topic	D3: Transforming	Organizational structure	Quasi-independent structures	Attraction, retention, motivation
EX/1	3	Also bei mir läuft das im Endeffekt zusammen, aber die People-Manager haben dann ja ihre eigenen Themen und Teams und ich glaube, das ist so ein bisschen das, was uns unterscheidet auch vom Setup her.	Chief of Staff directly coordinates people manager	D3: Transforming	Organizational structure	Flat hierarchy levels	Attraction, retention, motivation

EX/1	4	Die sind quasi ein Team, die arbeiten an den gleichen KPIs, an den gleichen Problemstellungen usw.. Und das gleiche machen wir auch mit People, mit dem Unterschied, dass die People-Manager nicht an den gleichen Problemstellungen arbeiten, sondern an ihren eigenen Problemstellungen. Sie sind aber für alle people-Themen dieses Departments sozusagen verantwortlich.	people manager set KPIs together with their functional team	D3: Transforming	Organizational structure	Cross-functional team setup	Attraction, retention, motivation
EX/1	5	Das war seit also komplett cross-functional und mission-oriented war vom Beginn an mit den Techies und seit Mitte letzten Jahres (2020) auch mit dem People Team.	Overall mission oriented team setup	D3: Transforming	Governance processes	OKR-based management	Attraction, retention, motivation
EX/1	6	Jedes Team ist so ein bisschen dafür verantwortlich, da für sich selbst sich auf dem Neuesten Stand zu bleiben.	It is each teams own responsibility to stay updated with trends	D1: Sensing opportunities and threats	External research processes	General market trend research processes	Attraction

EX/1	7	Also in dem Fall liegt dann die Verantwortlichkeit bei mir herauszufinden, wie baut man eben das beste People Department auf.	Team lead has the responsibility to search for best ways to build/develop team to become most effective	D3: Transforming	Organizational structure	Quasi-independent structures	Retention, Motivation
EX/1	8	Was ich weiß, ist meine Hauptquelle. Ehrlicherweise, wenn es jetzt darum geht für Berufseinsteiger sind halt die Praktikanten, die bei uns sind oder denen wir ein Angebot machen und die bleiben und mit denen sprechen.	Interns are a reliable source to discover preferences for entry positions	D1: Sensing opportunities and threats	Internal research processes	Candidate requirement discovery through potential take-over talks	Retention
EX/1	9	Und es ist dann eher so ein bisschen reaktiv auch oftmals, dass wir irgendwie das Gefühl haben, wir kriegen nicht genügend Bewerbungen für gewisse Stellen.	Application performance data source for knowledge about trends	D1: Sensing opportunities and threats	External research processes	Recruiting channel-specific performance tracking	Attraction
EX/1	10	Bei Tech sind wir schon deutlich, ich würde sagen.. da müssen wir aktiver sein als wir jetzt im	Tech-Recruiting requires more active targeting	D2: Seizing opportunities	Flexible sourcing options	Adjustable recruiting channel portfolio	Attraction

		Business-Recruiting sein müssen.					
EX/1	11	Also es gibt verschiedene Sachen. Wir haben zum einen ein Tool, das nennt sich Office-Vibe. Und genau, darüber kriegt man dann immer so ein ganz gutes Grundrauschen rein, sage ich mal.	Automatic survey tools to assess overall employee satisfaction	D1: Sensing opportunities and threats	Internal research processes	Regular automatic surveys to assess motivation, engagement and employee satisfaction	Retent ion
EX/1	12	Das schickt jede Woche so zwei bis drei Fragen an jeden Mitarbeiter zu verschiedenen Kategorien. Zum einen relationship with manager, relationship with peers, dann alignment mit company goals	Weekly questions about environment, relationships, company goals	D1: Sensing opportunities and threats	Internal research processes	Regular automatic surveys to assess motivation, engagement and employee satisfaction	Motiv ation
EX/1	13	Dann kann man bei Officevibe sehen, was ist so der Industrie average, sowohl für Technologie- als auch für Autobranche als auch für andere Branchen. Da gibt es also auch dann so ein bisschen ein	Benchmarking of survey scores with companies within tech sector or related industries	D1: Sensing opportunities and threats	External research processes	Cross-industry performance score benchmarking	Retent ion

		Benchmarking: Ob dieser Score, den wir haben, gut oder schlecht ist.					
EX/1	14	Und da sind wir maximal überdurchschnittlich ehrlicherweise, waren wir davor schon und so sind wir auch geblieben	Above average satisfaction score remained equal	Expert HR activity performance evaluation	Retention performance	Same ENPS rating as before Corona	Retent ion
EX/1	15	Aber das ist schon eher inwards-Fokus, um ehrlich zu sein. Also du holst Dir da die Benchmark ab und siehst: Okay, gut, ich bin irgendwie, wenn ich jetzt sage wir haben 7 und da steht es bei drei, dann orientiere ich mich logischerweise nicht mehr an den anderen Unternehmen oder an dem Standort, weil der halt offensichtlicher Weise deutlich deutlich entfernt ist von dem, was wir machen	Survey score benchmarking is only relevant to get a broad idea and does not replace inward-oriented assessment	D1: Sensing opportunities and threats	Internal research processes	Quantitative data analysis processes	Retent ion, Motiv ation

EX/1	16	Wir haben zweimal im Jahr auch formelles Feedback,	Formal feedback 2 every half year	D3: Transforming	Learning & Development	Systematic 360° feedback systems	Retention, Motivation
EX/1	17	Ansonsten auch irgendwie regelmäßige One-on-Ones innerhalb jedes Departments. Da kann jeder Mitarbeiter Dinge ansprechen usw. Spätestens innerhalb dieser Feedbackgespräche sollten dann größere Themen auch aufploppen, die relevant sind für die Entwicklung usw.	Regular one-on-one feedback as insightful rituals to discover deeper issues/matters	D1: Sensing opportunities and threats	Internal research processes	Regular individual formal and informal feedback sessions	Retention, Motivation
EX/1	18	Das andere ist aber, dass jedes Investment, was wir machen, immer einen positiven Business Case haben muss. Und der Business Case, der ist nicht immer schwarz weiß, indem Sinne, sondern der Business Case kann auch sein, dass ich sage: Hey "Name" hör zu. Ich glaube es mega wichtig, dass wir dieses Tool OfficeVibe einführen, was 4	Investment decision can be independently done with an (informal) business case and based on rough estimations without specific calculations	D2: Seizing opportunities	Decision-making processes	Informal business case processes	Retention, Motivation

		Euro im Monat pro Mitarbeiter kostet. Einfach damit wir da regelmäßig einen unkomplizierten Mechanismus haben, wie wir viel wegsammeln können. Ich glaube, das wird uns helfen.					
EX/1	19	Wir haben theoretisch auch verschiedene Organisationslevel. In der Zahl wären es theoretisch fünf, gelebt aber zwei, ja. Das ist aber dann halt eher sowas wie eine Titelstruktur. Ich stelle halt quasi dann Senior OEM Partnership Manager ein oder OEM Partnership Manager 1.	Predetermined number of hierarchy levels (5) are not perceived as such high in number (2) in reality	D3: Transforming	Organizational structure	Flat hierarchy levels	Attraction, retention, motivation
EX/1	20	Die einzige Unterscheidung, die ich sagen sagen würde, da es ist gibt, ist eben einmal Managementlevel oder halt nicht	Two levels of hierarchy, incl. Leadership or others	D3: Transforming	Organizational structure	Flat hierarchy levels	Attraction, retention, motivation
EX/1	21	Ja also das war eins meiner ersten Projekte ehrlicherweise. Es gab einen purpose:	People department was primarily responsible for	D2: Seizing opportunities	Culture and values	Clear vision and purpose	Attraction, Retention,

		"Make mobility fun and sustainable" und eine Mission und das waren die einzigen zwei Sachen, die organisationstechnisch standen und den Rest habe ich mit Name ausgearbeitet	value definition with Leadership				Motivation
EX/1	22	Und ja, die testen wir sehr, sehr explizit im Bewerbungsgespräch ab. Ja, auf jeden Fall, das ist uns super, sogar wichtig.	Assessing values in job interviews has high priority	D2: Seizing opportunities	Decision-making processes	Value-driven selection process	Attraction
EX/1	23	Wir haben Leute aus verschiedenen Kulturkreisen, Bildungshintergründen usw.. Und das quasi zu respektieren, aber auch so zu sein, wie man selbst ist. Ohne sich verstellen zu müssen, soll dadurch reflektiert werden.	Focus on client-orientation, risk aversion and entrepreneurial mindset, team spirit, honesty and openness as core values	D2: Seizing opportunities	Culture and values	Entrepreneurial mindset	Attraction, Retention, Motivation
EX/1	24	Wir fragen die quasi jede Woche im Team-Weekly ab, gehen da immer wieder durch. Und wir sammeln immer wieder im Team-	Weekly assessment of core values by collecting concrete examples of behaviors in line or not in line them	D1: Sensing opportunities and threats	Internal research processes	Culture and value assessment processes	Motivation

		Weekly jeden Freitag Beispiele für diese Werte, die in der Woche uns aufgefallen sind, wo jemand besonders nach einem dieser Werte gehandelt hat oder auch nicht vielleicht.					
EX/1	25	Wenn sich dann irgendwie rausstellen sollte, dass wir gar keine Beispiele mehr haben für irgendwas oder ein Wert eben in den letzten 10 Wochen nie genannt wird, dann würde ich das definitiv hinterfragen wollen, ob das noch unsere Werte sind oder nicht. Aber bisher ist ganz ok.	Willingness to change values if not aligned to peoples behaviors anymore	D2: Seizing opportunities	Culture and values	Entrepreneurial mindset	Attraction, Retention, Motivation
EX/1	26	Es ist für mich wirklich eher ein Feedback/Coaching-Gespräch, wo es dann eher darum geht, herauszufinden welche Skills Du hast. Was kannst du machen, um besser zu werden? Was brauchst du auch, welche Skills brauchst, um in	Formal feedback perceived as official coaching session to find out which skills a person needs and how these can be developed	D3: Transforming	Learning & Development	Systematic 360° feedback systems	Retention, Motivation

		dieser Rolle besser zu werden?					
EX/1	27	Und was quasi on-Going stattfindet, ist informelles Feedback. Persönlich gibt es beispielsweise meine One-on-Ones mit jedem Mitarbeiter und ansonsten auch noch direkt zu den Aufgaben.	Informal feedback directly related to tasks	D2: Seizing opportunities	Communicatio n systems	Direct informal communication processes	Retent ion, Motiv ation
EX/1	28	Haben wir nicht, aber ist in letzter Zeit häufiger aufgekommen, dass wir das vielleicht mal einführen sollten.	Importance of buddy programs	D3: Transforming	Learning & Development	Continuous informal feedback routines	Motiv ation
EX/1	29	Jeder Mitarbeiter hat ein Weiterbildungsbudg et im Normalfall 1.500 Euro im Jahr.	Personal development budget of 1,500€	D3: Transforming	Learning & Development	Individual budget for self-development and learning	Motiv ation
EX/1	30	Und da ist es so, dass wir sagen: Wir suchen Mitarbeiter, die so clever sind und die auch so selbstbestimmt sind, also neugierig sind, dass sie quasi selbst	Every employee is responsible for his/her own learning & development investment choices with own budget	D3: Transforming	Learning & Development	Individual budget for self-development and learning	Motiv ation

		zu einem gewissen Grad dafür verantwortlich sind. Es gibt die freie Möglichkeit deinem Vorgesetzten vorzuschlagen, wofür du das verwenden möchtest? Wenn du nichts vorschlägst, dann wird es im Zweifelsfall nicht benutzt.					

Performance Evaluation Table

C1 Attraction performance	Number of unique mentions by experts
C1.1 Number of applicants	
C1.1.1 Equal number of applicants C1.1.2 Higher application numbers C1.1.3 Access to fewer candidates	1 4 1
C1.2 Number of new hires	
C1.2.3 Equal number of new hires C1.2.3 Higher number of new hires C1.2.3 Lower number of new hires	2 3 1
C1.3 Candidate quality	
C1.3.1 Equal quality of hired employees C1.3.2 Higher quality of hired employees C1.3.3 Lower quality of hired employees	2 4 0

C2 Retention performance	**Number of unique mentions by experts**
C2.1 Fluctuation rate	
C2.1.1 Equal fluctuation rate C2.1.2 Higher fluctuation rate C2.1.3 Lower fluctuation rate	1 0 5
C2.2 ENPS rating	
C2.2.1 Equal ENPS rating C2.2.2 Higher ENPS rating C2.2.3 Lower ENPS rating	3 3 0

C3 Motivation performance	**Number of unique mentions by experts**
C3.1 Employee motivation level	
C2.2.1 Equal motivation level (4x) C2.2.2 Higher Motivation Level (1x) C2.2.3 Lower Motivation Level (1x)	4 1 1
C3.2 Employee collaboration level	
C2.2.1 Equal level of collaboration (2x) C2.2.2 Higher level of collaboration (3x) C2.2.3 Lower level of collaboration (1x)	2 3 1