CHALLENGE ACCEPTED

A qualitative study on how small firms can manage human resources when growing

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Abstract

Business growth has been a widely interesting topic among researchers throughout the years. Most research has emphasised *growth as an outcome* that considers different measures to growth, whereas *the outcome of growth* that reflects upon managing challenges when growing and *growth as a process* that refers to how firms adapt internally whilst growing have been much more neglected. As an organisation grows, human capital has been suggested as one of the most critical aspects to manage when firms need to develop knowledge, competencies, and skills beyond what already exists within the organisation. Small firms in comparison to their larger counterparts seldom have specific departments to manage human resources, which leaves room for interesting areas to understand how small firms can manage processes to develop human resources beyond those already existing as firms grow. As small firms grow and encounter various challenges in need of management, absorptive capacity considers means for managers to address growth challenges by realising the value of new and external knowledge to produce dynamic capabilities, which in turn enable firms to align resources to the changing environment of a growing organisation. Previous research highlights the need to develop a practical understanding of internal processes that managers apply when managing a wider range of competencies.

The purpose of this study serves to create an understanding of how small firms that encounter growth challenges can manage human resources to develop necessary skills and competencies beyond existing means as organisations grow. To develop this understanding, this study develops a conceptual framework based upon human capital, absorptive capacity and dynamic capabilities with the guiding research question:

*How can small firms manage human resources when growing?*

Through a qualitative study with data collected through semi-structured interviews, this study concludes that small firms can manage human resources through various processes, in which organisational culture should serve as a foundation throughout the entire process of managing human resources. This study also concludes that as organisations grow, it is important to be aware of and question current processes to efficiently address challenges in changing environments. Furthermore, this study considers the importance of being an attractive firm and to manage human resources through means of defining a market to attract and acquire human resources when growing. With previous research highlighting the need to develop a more practical understanding of processes that managers utilise when managing a growing organisation, this study contributes to existing literature by emphasising the role of the manager throughout the process of managing human resources. The study also provides practical reasonings for small firms to remain efficient and survive in a market dominated by competition of larger organisations with financial resources to outcompete smaller and less established firms.
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Table of Contents

1. Introduction ........................................................................................................... 1
   1.1 Problem Background ....................................................................................... 1
   1.2 Research Gap .................................................................................................. 4
   1.3 Purpose ............................................................................................................ 5
   1.4 Research Question .......................................................................................... 5
   1.5 Study Focus ..................................................................................................... 5
   1.6 Key Concepts .................................................................................................. 5

2. Scientific Method .................................................................................................... 7
   2.1 Pre-understandings ......................................................................................... 7
   2.2 Philosophical Framework .............................................................................. 7
      2.2.1 Ontological Assumptions ....................................................................... 8
      2.2.2 Epistemological Assumptions ................................................................ 8
   2.3 Research Approach ......................................................................................... 8
   2.4 Research Design ............................................................................................. 9
   2.5 Literature Search & Concepts ......................................................................... 10

3. Theoretical Frame of Reference .......................................................................... 12
   3.1 Resources & Capabilities ............................................................................... 12
   3.2 Human Capital ............................................................................................... 12
      3.2.1 Framing Human Capital ........................................................................ 13
      3.2.2 Managerial Human Capital .................................................................. 13
   3.3 Absorptive Capacity ....................................................................................... 15
      3.3.1 Framing Absorptive Capacity ................................................................ 15
      3.3.2 Potential Absorptive Capacity (PAC) ..................................................... 16
      3.3.3 Realised Absorptive Capacity (RAC) ....................................................... 18
   3.4 Dynamic Capabilities ..................................................................................... 19
      3.4.1 Framing Dynamic Capabilities ............................................................... 20
      3.4.2 Identifying & Seizing Opportunities ...................................................... 20
      3.4.3 Integrating & Managing Opportunities ................................................ 21
   3.5 Absorptive Capacity & Dynamic Capabilities ............................................. 22
   3.6 Conceptual Framework .................................................................................. 23

4. Practical Method ................................................................................................... 25
   4.1 Data Collection Method ................................................................................ 25
   4.2 Sampling Techniques ..................................................................................... 26
   4.3 Interview Guide .............................................................................................. 28
   4.4 Conducting the Interviews ............................................................................ 29
1. Introduction

This introductory chapter outlines the practical and theoretical background that creates a foundation for the study. The problem background provides an overview of the topic and clarifies the research gap and purpose. The chapter concludes with a clarification of the study focus and relevant concepts for the research.

1.1 Problem Background

Business growth concerns a central topic of interest among researchers (McKelvie & Wiklund, 2010, p. 264; Wright & Stigliani, 2012, p. 3). When reviewing previous literature on business growth, McKelvie and Wiklund (2010, p. 264) along with Dobbs and Hamilton (2007, p. 312) highlight that the majority of research focus on growth as an outcome, which measures growth through a wide spectrum of measures, ranging from assets, market share, physical output, and profit to the most used means of sales turnover and employment. As firms grow, organisational goals, intentions, and activities may change (McKelvie & Wiklund, 2010, p. 265–266), in which these measures of growth are relatively difficult to assess due to the changing nature of growing firms and its environment.

The changing nature of the firm and its environment whilst growing reflects upon another field of research, namely the outcome of growth with a focus on challenges in need of management that firms encounter whilst growing towards an increasingly larger firm (McKelvie & Wiklund, 2010, p. 269). Phelps et al. (2007, p. 6-8) argue that firms encounter various growth challenges at different points in time and that the size and age of the firm highlights different problems that the management needs to address as the organisation grows. The authors refer these challenges to organisational tipping points that firms encounter as an outcome of growth or due to changes in the business environment. The challenges differ between firms depending on the size and age of the organisation (Dobbs & Hamilton, 2007, p. 310).

Firm specific growth challenges for small firms may relate to resource management and operational systems, whilst larger and more established organisations address challenges relating to management systems and corporate culture (Flamholtz et al., 2007, p. 10; Dobbs & Hamilton, 2007, p. 311). Environmental challenges may refer to industry specific aspects such industry growth and maturity, cost and availability of resources, level of competition, as well as roles and positions of small and large organisations in similar business environments (Dobbs & Hamilton, 2007, p. 309-310). Whether the challenge refers to resource management or corporate culture, Flamholtz et al. (2007, p. 4) reflect upon the need for managers to recognise the need to transition to more effective forms of operations.

To transition to more effective forms of operations, the research field of growth as a process that concentrates on how firms manage growth becomes relevant (McKelvie & Wiklund, 2010, p. 271). Growth as a process focus on how firms adapt internally whilst growing (Dobbs & Hamilton, 2007, p. 298). Just as firms of different size and age encounter challenges at different points in time, this further suggests that the process of
how firms manage growth varies across businesses (McKelvie & Wiklund, 2010, p. 271). Small firms in comparison to their larger counterparts often lack the ability to manage growth through internal resources due to resource constraints in terms of tangible and intangible resources, which make small firms especially prone to failure in competitive market environments (Parida, 2016, p. 1; Macpherson et al., 2015, p. 260; Wright & Stigliani, 2012, p. 10). As the scope and complexity of activities during growth become more demanding and requires increasing coordination, this implies that the firm growth itself puts pressure on small firms to acquire physical, financial, technical, and human resources to cope with growth demands (Rauch & Rijsdijk, 2013, p. 924; Flamholtz et al., 2007, p. 31-32; Picken, 2017, p. 588).

As a growing organisation, human capital (HC) remains one of the most critical aspect to manage, in which the firm needs to attract and develop human resources with new competencies, knowledge, and experiences beyond what already exists within the organisation (van Ark et al., 2016, p. 2; Macpherson & Holt, 2007, p. 178; McKelvie & Davidsson, 2009, p. 66). HC in terms of relevant skills, knowledge and competencies along with experience are critical factors to address when firms grow (Picken et al., 2017, p. 588; Phelps et al., 2007, p. 6; Backman et al., 2016, p. 33). A high level of HC tends to support growing firms, in which HC creates a basis for acquiring and integrating relevant knowledge (Koryak et al, 2015, p. 98; Rauch & Rijsdijk, 2013, p. 924 & 936). The diversity of HC in terms of education, experience, and backgrounds also play a vital role in growing businesses in terms of promoting a variety of perspectives, ideas and frameworks (Koryak et al., 2015, p. 98).

Firms differ widely in performance due to differences in their HC and ability to acquire and renew resources and capabilities (Pandza et al., 2003, p. 1011; Hitt et al., 2001, p. 13). Dobbs and Hamilton (2007, p. 309) argue that cost and availability of resources influence small firm growth. For example, the availability of human resources can differ depending on the location of firms. Small firms in comparison to large firms seldom have own departments that manage human resources (HR), although small and large firms share similar HR concerns as the number of organisational members grow (Rauch et al., 2005, p. 682; Phelps et al., 2007, p. 8). Thereof, as small firms grow, managers encounter challenges in terms of employment situations in which tasks need to be delegated and people need to be managed (Phelps et al., 2007, p. 8). Whether the issue reflects upon delegation, recruitment and training, or managing geographically diverse team, managers need to develop skills to manage to attract and develop human resources as the firm becomes larger to ensure performance (Phelps et al., 2007, p. 8; Dobbs & Hamilton, 2007, p. 305).

Failing in the aspects mentioned above can result in “growing pains” that relate to problems concerning employees feeling unsure about their place and responsibilities, whilst it can damage the long-term situation of the organisation and failing to reach objectives and goals due to lack of control systems (Flamholtz et al., 2007, p. 2-3). The “growing pains” occur due to gaps in the organisational development and it is important that small organisations manage operations more professionally when growing to more advanced levels. Small firms in particular have difficulties in terms of identifying relevant knowledge as the firm grows, in which managerial experience and competence becomes crucial to manage a growing firm (Phelps et al., 2007, p. 11; Flamholtz et al., 2007, p. 13; Picken, 2017, p. 588). This makes it interesting to address how small firms can manage
human resources whilst growing with a focus on employment growth. Therefore, this study defines growth in terms of employment growth.

Growing as an organisation in terms of human resources depends on other resources, such as financial growth (Dobbs & Hamilton, 2007, p. 306) to enable employment growth and vice versa. Although, it is interesting to assess how small firms can manage human resources not only due to its implications on firm performance, but also on the society. Small firms often grow organically in comparison to large organisations that rely on acquisitions, which makes growth of small firms particularly important for creating job opportunities, whilst also challenging established companies which further develop social and economic aspects of the society (McKelvie & Wiklund, 2010, p. 266-267; Dobbs & Hamilton, 2007, p. 297; Eurostat, 2017b). Within the European Union (EU), there are approximately 23 million small and medium-sized enterprises (SMEs) accounting for around 99% of all businesses that employ 66.8% of the active workforce, whilst also creating 85% of all new jobs within the region (European Union, n.d; Eurostat, 2017a). In Sweden, small firms within the service industry accounts for the majority of job opportunities, whereas small technology and knowledge-based firms accounts for 40% of the workforce within the service industry (Andersson, 2017, p. 7, 15, 21 & 24).

Knowledge is of vital importance for small growing businesses and serves as a basis for acquiring and developing other relevant resources (Page West III & Noel, 2009, p. 15). Although, a prominent cause to failure of small businesses concern insufficient knowledge (Rauch & Rijisdijk, 2013, p. 924). Firms differ in their absorptive capacity (AC) to acquire, assimilate, transform and exploit external knowledge, in which small firms often fail to realise the value of external knowledge when encountering growth challenges (Phelps et al., 2007, p. 11). Hayton and Zahra (2005, p. 257) argue that knowledge resides within products, processes and people, in which this study focus on knowledge found in human resources. AC refers to organisational routines and processes that capture the firm’s potential to identify the value of external knowledge, whilst the knowledge needs to be realised through incorporating the knowledge within firm activities to build dynamic capabilities to improve organisational performance (Zahra & George, 2002, p. 186, 190-191). To address growth challenges, small firms need to acquire various skills and competencies, in which AC along with managerial skills allow for firms to devote attention to recruit relevant skills to avoid competence traps and support knowledge transfer when growing (Debrulle & Maes, 2014, p. 778; Macpherson & Holt, 2007, p. 178-179; Wright & Stigliani, 2012, p. 12). AC can enable firms to produce dynamic capabilities (DC) that facilitate a growing organisation to build resources (Zahra & George, 2002, p. 188). DC refers to the firm’s ability to realise the need of internal changes to build and rebuild resources to align with changing environments (Teece, 2012, p. 1395; Andreeva & Ritala, 2016, p. 245). DC are means for small firms to cope with growth challenges through accumulation of resources (Macpherson et al., 2015, p. 259-260). In small firms, managers often drive decision-making in terms of changing existing routines and resources through processes of identifying and seizing, and integrating and managing opportunities (Koryak et al., 2015, p. 95-96; Teece, 2007, p. 1319). For small firms growing in terms of human resources, DC facilitate managers to continuously develop heterogeneity in the firm’s HC when acquiring human resources with varying knowledge and capabilities to align with encountered challenges (Eriksson, 2014, p. 71-72; Koryak et al., 2015, p. 95).
As outlined above, small firms encounter a variety of challenges when growing, ranging from resource constraints in terms of tangible and intangible resources and environmental factors to developing human resources with relevant HC in terms of knowledge, experience and competencies to manage growth challenges. This implies that some resources must be developed prior to others to manage growth challenges. Whether financial resources are means to acquire other resources to manage growth, or whether human resources with sufficient knowledge are means to acquire further resources when growing, it is important to consider that the market environment influence business growth (Dobbs & Hamilton, 2007, p. 306; Page West III & Noel, 2009, p. 15; Wright & Stigliani, 2012, p. 14). Although applying a growth perspective in terms of human resources and employment growth, it is necessary to reflect on other growth measures throughout the research to better reflect the reality in which resources depend on each other as firms grow (Dobbs & Hamilton, 2007, p. 312-313). For the smallest firms, that being micro-firms, the issues outlined above may not apply due to the nature of these organisation often being few people with limited time and resources to devote attention to these aspects. In this sense, micro-firms will not be focused on throughout this research. However, these aspects better apply to small firms that have the ability to manage knowledge and competence whilst growing, which remains the focus of this study.

1.2 Research Gap

McKelvie and Wiklund (2010, p. 269-271) highlight that research on business growth often neglects challenges of managing a growing organisation as well as how firms manage growth through internal processes. The authors suggest in-depth methods to assess internal processes to better understand how decision makers within growing firms manage growth (McKelvie & Wiklund, 2010, p. 280). Wright and Stigliani (2012, p. 10, 14-16) support an extension to how firms manage growth and propose a qualitative approach to understand how firms acquire and coordinate resources to grow. Rauch et al. (2005, p. 695) distinguish that research should focus on how experience affect business outcomes along with situations in which human resources make a difference.

Rausch and Rijsdijk (2013, p. 937) encourage a focus on the challenge that small firms encounter when growing in terms of developing new knowledge where human capital can play an integral role in developing this knowledge. Dobbs and Hamilton (2007, p. 315) propose studying small firms within the same industry that experience changes in their absorptive capacity. Changes in the firm’s absorptive capacity may refer to transitioning to managing a larger organisation. Since people are important to any firm and especially within the service industry, Phelps et al. (2007, p. 15) argue that there is a need to assess how firms manage to transition towards managing a wider range of skills and human resources. Debrulle and Maes (2014, p. 795) reflect upon the need to explore management practices that develop and maintain human capital to better grasp absorptive capacity as firms grow.

Andreeva and Ritala (2016, p. 253) argue that future research in terms of dynamic capabilities should focus more on the practicality of processes of building resources to offer realistic managerial recommendations. To do this, Eriksson (2014, p. 75) argue that research should focus on the role of managers when developing dynamic capabilities in terms of building and rebuilding resources to align with changing environments. Koryak et al. (2015, p. 98) support this argument when outlining a need to develop research on processes of how managers develop dynamic capabilities.
1.3 Purpose

This study serves to create an understanding of how small firms that encounter growth challenges can manage human resources to develop necessary knowledge, skills, competence and experience whilst growing. As outlined above, small firms seldom have departments to manage human resources, in which managers are responsible for the firm to manage and develop relevant human resources that HR-departments facilitate at larger firms. With previous research suggesting a need to develop an understanding of how managers can develop resources that align with changing environments as firms grow, it is interesting to explore managerial experiences within growing organisations to understand processes of human resource management. As human capital and knowledge remains critical challenges for small growing firms, this further augments the need to develop a practical understanding of how managers can manage human resources when encountered with growth challenges.

1.4 Research Question

_How can small firms manage human resources when growing?_

1.5 Study Focus

The theoretical focus of this study concerns the concepts human capital (HC), absorptive capacity (AC), and dynamic capabilities (DC). These concepts serve as a foundation to understand how growing small firms can manage human resources to develop necessary HC when encountered with growth challenges. As outlined above, AC consider means to acquire and exploit external knowledge found in either products, processes, or people, in which this study pertain a focus on people. The capacity to acquire, assimilate, transform, and exploit knowledge serve as a basis to produce DC, that in turn enable small firms to build necessary resources to align with changing environments. In this sense, this study considers human resources and the changing environment of a growing organisation. The methodological focus of this study reflects upon a deductive approach in which previous literature on the above-mentioned concepts serve as a basis for a qualitative study to gain an understanding of how small firms can manage human resources when growing. The empirical focus of this study is based upon individuals with current or prior experience within managing human resources in growing firms to understand the practicality of processes that growing firms engage in whilst growing.

1.6 Key Concepts

**Human capital (HC)**

Human capital (HC) refers to various individual skills, experience, knowledge, culture, background, training, employment and entrepreneurial experience, and other competencies (e.g. language) of organisational employees and managers (Edvinsson & Malone, 1997, p. 34; Backman et al., 2016, p. 22; Unger et al., 2011, p. 343).
Absorptive capacity (AC)
Absorptive capacity (AC) considers organisational routines and processes that enable firms to acquire, assimilate, transform, and exploit knowledge to produce dynamic capabilities to enhance performance (Zahra & George, 2002, p. 186).

Potential absorptive capacity (PAC)
Potential absorptive capacity (PAC) considers making firms receptive to acquire and assimilate external knowledge, but cannot improve performance alone (Zahra & George, 2002, p. 190-191).

Realised absorptive capacity
Realised absorptive capacity (RAC) coexist with PAC and involve transforming and exploiting knowledge through incorporation in business activities to enhance performance (Zahra & George, 2002, p. 191).

Dynamic capabilities (DC)
The dynamic aspect of dynamic capabilities (DC) relates to the ability to renew competencies to align to changing environments; whereas capabilities refer to strategic management of “internal and external organisational skills, resources, and functional competencies to match the requirements of a changing environment” (Teece et al., 1997, p. 515), which includes identifying and seizing opportunities, and integrating and managing opportunities as outlined below.

Identifying and seizing opportunities
Identifying opportunities relate to scanning, creating, learning and interpretative activities in which managers address challenges and seizing opportunities consider addressing the identified opportunity (Teece, 2007, p. 1322 & 1326).

Integrating and managing opportunities
Integrating opportunities facilitate to make relevance of the acquired knowledge through integration activities to improve the resource base when growing (Eriksson, 2014, p. 70), whereas managing opportunities consider the ability to implement the resources successfully in the organisation (Andreeva & Ritala, 2016, p. 245).
2. Scientific Method

This chapter outlines the pre-understandings and choice of subjects of us researchers to understand individual aspects influencing the study. Along with this, an introduction to the chosen philosophical point of view guides the research design and research approach, followed by an explanation of the literature review that lays a basis for the theoretical frame of reference outlined in the next chapter.

2.1 Pre-understandings

Bryman and Bell (2015, p. 40-43) argue that it is important to outline the pre-understandings of us researchers as our previous experiences and understandings affect the processes within the research in terms of the chosen field of research, research question, preferred method and research design, along with analysis and interpretation of the data. Both of us researchers are students within the International Business Programme at Umeå University, in which courses within especially entrepreneurship and management have contributed to our theoretical understandings of challenges that firms face whilst growing and the importance to manage these challenges to remain in market. Along with these theoretical understandings and our common interest in management of small organisations, our individual practical and theoretical experiences further distinguish the choice of studying how small firms can manage human resources when growing. On the one hand, one of us researchers have practical experience in terms of working within a start-up encountering various growth challenges. On the other hand, the other one of us have theoretical knowledge developed through courses within human resource development and practical experience from recruitment and working in a small firm dealing with human resource issues. Based upon our previous experiences and understandings, we believe that it is difficult for small firms to manage human resources when encountered with growth challenges. Together, these aspects establish our interest in developing a greater understanding how small firms can manage human resources when encountering growth and their accompanied challenges.

2.2 Philosophical Framework

Philosophical assumptions about the nature of reality and knowledge shape our research process in terms of our understanding of the research question, chosen methods, and interpretation of findings (Saunders et al., 2012, p. 128). Ontological assumptions concern the nature of reality, whilst epistemological assumptions reflect upon the nature of knowledge in respect to the relation between us researchers and our chosen research topic (Collis & Hussey, 2014, p. 47). Saunders et al., (2012, p. 129) argue that these philosophical assumptions depend upon the research question, in which the guiding research question “how can small firms manage human resource when growing?” along with the purpose of creating an understanding of how managers with experience within growing organisations can manage to develop relevant skills, knowledge, and competence guide the philosophical choices presented below.
2.2.1 Ontological Assumptions

As mentioned above, ontological assumptions reflect upon the nature of reality and concerns assumptions whether the social reality should be viewed as objective and external to us researchers, or subjective in which reality is socially constructed (Saunders et al., 2012, p. 130-131; Bryman & Bell, 2015, p. 32; Collis & Hussey, 2014, p. 47). With the purpose of creating an understanding of how small firms can manage human resources when growing through managerial experiences, our ontological assumptions refer to an objective approach (Saunders et al., 2012, p. 130). To begin with, organisations in themselves restrict managers to act only upon their own instinct due to rules, regulations and procedures, in which organisational members exert various tasks bound to the mission of the firm (Bryman & Bell, 2015, p. 32). Further, organisational culture tends to guide firm members to act upon certain beliefs and values (Bryman & Bell, 2015, p. 32). Although these restricting aspects to an organisation may differ between firms (Saunders et al., 2012, p. 131), objective assumptions of the organisation guide our research. In this sense, we assume that social reality is objective and that growth and processes to manage human resources are somewhat restricted to certain boundaries within organisations. Although, some subjective characteristics are taken into consideration in terms of the details of the challenge that individual organisations encounter to understand the reality behind internal processes and actions taken by decision-makers within small growing firms (Saunders et al., 2012, p. 132; Tracy, 2013, p. 41); we believe that the objective restrictions better reflect means to understand how small firms can manage human resources when growing.

2.2.2 Epistemological Assumptions

Epistemological assumptions reflect upon what represents valid knowledge in research, in which positivism refers to knowledge gathered from objective and scientific phenomena, whilst interpretivism constitutes knowledge in terms of interacting with the research phenomena (Saunders et al., 2012, p. 132; Collis & Hussey, 2014, p. 47; Bryman & Bell 2015, p. 28-29). As we have an objective assumption about the social reality as outlined above, positivism in terms of collecting existing theory concerning regularities on small firms and their accompanied growth challenges constitute a source of objective knowledge that lay a basis for developing our theoretical framework and generalisability among growing small firms (see Chapter 3.6) (Saunders et al., 2012, p. 134; Bryman & Bell, 2015, p. 27). Our study also contains interpretivist characteristics in regard to gathering information from the phenomena being researched through interaction to adhere different perceptions of practical experiences within their growth challenge (Saunders et al, 2012, p. 137; Collis & Hussey, 2014, p. 46).

2.3 Research Approach

The research approach determines the logic of our research and our relation as researchers towards theory (Saunders et al., 2012, p. 143; Bryman & Bell, 2015, p. 25; Collis & Hussey, 2014, p. 3). The most prominent approaches of research relate to deduction in which theory in a top down manner creates a foundation for the findings, whilst induction refers to a bottom up approach where theory is the outcome of research (Bryman & Bell, 2015, p. 25; Lapan et al., 2012, p. 177). Through our epistemological assumptions, we established that theory creates a basis for our research to understand how small firms can
manage growth challenges, which indicates a deductive and theory-driven research approach, in which Bryman and Bell (2015, p. 23 & 25) stress that inductive stances are evident as in our study when analysing the findings to contribute to existing literature.

In comparison to the inductive research approach that seldom restricts itself to existing theories or the lack of it, the deductive research approach enables us to use existing theory to create a broad foundation for the areas that we aim to research (Collis & Hussey, 2014, p. 52; Bryman & Bell, 2015, p. 23; Tracy, 2013, p. 22), namely human capital, absorptive capacity, and dynamic capabilities. The theory gathered on these concepts along with small firms encountering growth challenges further drive the research process of gathering and analysing data, in which the deductive approach helps to develop categories from previous research to guide the analysis (Bryman & Bell, 2015, p. 23; Lapan et al., 2012, p. 177). Thereof, our theory-driven study moves from the general view of the outlined concepts to the more specific aspects of growing small firms (Collis & Hussey, 2014, p. 7; Bryman & Bell, 2015, p. 25; Saunders et al., 2012, p. 48).

2.4 Research Design

The research design reflects upon how our study answers the research question “how can small firms manage human resources when growing?” and outlines plans for the research in terms of sources from whom we intend to collect our data, proposal of collection and analysis of the data, along with ethical considerations (Saunders et al., 2012, p. 159-160). Quantitative and qualitative research designs along with combinative designs reflect upon the process of the research and explains how the data is collected and analysed (Saunders et al., 2012, p. 161; Collis & Hussey, 2014, p. 3). A quantitative research design focus on gathering numerical data and is a commonly used method when the research aims to explain relationships between variables (Bryman & Bell, 2015, p. 37-38). The data collection in quantitative studies tends to emphasise collection of data through more structured guidelines such as surveys and questionnaires in which the researcher is separated from the object being researched and the analysis focus on statistics and graphs (Saunders et al., 2012, p. 162-163; Bryman & Bell, 2007, p. 154 & 425). As our study aim to create an understanding for how small firms can manage human resources when growing, this setting restricts opportunities to ask follow-up questions that can develop the understanding of the research area, in which the qualitative method facilitate this type of understanding.

Our research design refers to a qualitative method to understand how small firms can manage human resources when growing. Although a qualitative research design often reflects upon an inductive approach to develop a more thorough theory than already existing, our deductive approach uses existing literature as a basis for our research (Saunders et al., 2012, p. 163; Bryman & Bell, 2015, p. 25). Data collections is commonly made through interviews and the analysis is based on generating non-numerical data and categorisation (Saunders et al., 2012, p. 163). As suggested above, this enable us researchers to develop a more thorough understanding of participants experiences. As researchers, we are the primary tool to gather the data through interaction with the participants (see Chapter 4.2) in which focus is on the participants words and their interpretations of their experience of managing human resources within growing organisations (Bryman & Bell, 2015, p. 38; Lapan et al., 2012, p. 86). A qualitative approach with explorative features enables our study to gain an understanding of the problems that small firms encounter whilst growing (Saunders et al., 2012, p. 171). In-
depth interviews with individuals with experience within the area facilitate us to gather data reliant on the quality of the participants contributions (Saunders et al., 2012, p. 171). To the extent in which our research relies on an interpretivist approach, these choices support us researchers to gather the data through interviews to make sense of it (Bryman & Bell, 2007, p. 28; Saunders et al., 2012, p. 163).

A qualitative research design with explorative features enable us to better understand how small firms can manage human resources when encountering growth challenges. As outlined in the introductory chapter, organisations experience challenges in different ways and face challenges at different times, in which individuals within the organisations manage it in various ways. It is important to interpret the challenges and how one can manage them from the perspective of the organisations and the people within it in terms of how they experienced it (Bryman & Bell, 2015, p. 404). Thereof, the qualitative and exploratory approach enacted through interviews allow us researchers to develop follow-up questions based on their experiences to better understand the information.

2.5 Literature Search & Concepts

To create an understanding of previous research within the areas of interest and to get different perspectives within these research areas (Collis & Hussey, 2014, p. 76), an extensive literature search has been done on the topics small firm growth and challenges, human capital, absorptive capacity and dynamic capabilities. The purpose of the literature search was to develop a clearer picture of what previous research has shown, to what extent the different areas have been incorporated and the conclusions that have been made. The literature search also led us researchers to discover the gap in which this study aims to contribute with new knowledge. Keywords help to create boundaries of our chosen research area (Bryman & Bell, 2015, p. 112; Collis & Hussey, 2014, p. 78). The main keywords that have been used throughout the literature search have been: business growth, growth challenges, small firms, human resources, human capital, absorptive capacity, and dynamic capabilities.

The literature search provides means of finding relevant literature for our study through various sources (Collis & Hussey, 2014, p. 76), in which the Umeå University Library database along with EBSCO Business Source Premier have been the primary sources. Google Scholar was used in exceptional cases to find a greater variety of sources. To ensure quality of the articles, we have made sure that the articles have been peer-reviewed. The reference lists in previous research have been studied to find additional sources. These sources have then been read to assess the significance and usage to this specific study (Bryman & Bell, 2015, p. 9). Articles from 2005 until present time have served as a foundation for framing the problem background and the research gap that facilitated us to develop our research question. In addition to the more recent literature, some older books and articles have been used to define concepts and theories.

When conducting the literature search, various ways of dealing with growth challenges for small companies came up along with different areas and different phases of organisational growth. Since this study is to be conducted within a semester and a vast amount of research is encountered during the literature review, it is important to make decisions and limitations to move forward (Patel & Davidson, 2011, p. 43). During the literature search, there were some concepts and theories that were more prominent than others. The literature search showed that human resources is vital in the stage of growth
for small firms and can help in the process of obtaining other resources (e.g. financial) (Flamholtz et al., 2007, p. 31). As mentioned in the introductory chapter, the literature highlights the importance of managing human resources that experience growth challenges.

Throughout the literature search, some concepts reappeared as important when small firms grow through various sources and represent areas in which we aimed our focus (Bryman & Bell, 2015, p. 9). To begin with, resources were highlighted as important when small firms grow as the growth itself puts pressure on physical, financial, technical and human resources. Investigating it further, human resources and the management of human resources was repeatedly mentioned as a crucial aspect when navigating beyond growth challenges. Hence, this stream of research was explored more in-depth. As a basis for our research, human capital (HC) in terms of skills, capabilities, knowledge, competence, and background recurred throughout the literature review and remains as one of the biggest challenges for small growing organisations. Further, HC has been shown to have a positive effect on growing businesses, both in terms of managerial and employee HC. This concept is used to understand the various aspects of HC necessary to manage human resources based upon individuals' experiences within growing organisations.

Absorptive capacity (AC) was repeatedly highlighted in previous research in terms of managing and acquiring knowledge when encountered with growth challenges. As outlined in the introduction, AC is important for small organisations that are going through growth challenges and is beneficial in terms of added competitiveness and gaining new knowledge, skills and competences to navigate beyond growth challenges. AC creates a foundation to produce dynamic capabilities (DC), which also highlights the occurrence of the concept in our study. The concept highlights the organisation's capacity to utilise internal and external competences to manage a changing environment (Teece et al., 1997, p. 510), in which our study focuses on the change that comes with a growing organisation. DC will be applied to understand processes and routines through which organisations build and transform the competencies and the new knowledge acquired into resources to manage growth challenges. These three concepts are explained and discussed more in-depth with definitions and what previous research within each area have emphasised and how it connects to the study of our choice (see chapter 3). Along with this, a conceptual framework (see chapter 3.6) assist in gaining an understanding of how small firms can manage human resources when encountering growth challenges.
3. Theoretical Frame of Reference

This chapter frames previous research in the fields of human capital, absorptive capacity and dynamic capabilities. These concepts will serve as a basis for creating a conceptual framework that enables our study to better understand how small firms can manage human resources when growing.

3.1 Resources & Capabilities

Organisational performance differs between firms due to asymmetries in the firm’s resource productivity and capacity to acquire and renew resources and capabilities (Pandza et al., 2003, p. 1011). Hitt et al. (2001, p. 13) argue that differences in firms’ performance also regards to differences in the firm’s human capital. Van Ark et al. (2016, p. 2) argue that human capital remains the top challenge globally in terms of attracting and managing for growing organisations, which is found in human resources’ individual skills, knowledge and capabilities. Small firms in particular have problems with identifying the relevance of external knowledge when growing (Phelps et al., 2007, p. 11), in which Pandza et al. (2003, p. 1028) reflect upon how the organisational process to acquire capabilities also demonstrate how an organisation acquire its knowledge. With this in mind, the following of this chapter will introduce human resources in terms of human capital, followed by an outline of absorptive capacity and dynamic capabilities that can enable firms to manage human resources when growing.

3.2 Human Capital

For small firms managing human resources when growing, the concept of human capital (HC) becomes relevant as it affects organisational performance and remains as one of the biggest managerial challenges for growing organisations (Backman et al., 2016, p. 23; van Ark et al., 2016, p. 2). HC refers to various individual capabilities encompassing skills, knowledge, and experience of organisational employees and managers (Edvinsson & Malone, 1997, p. 34). HC also relates to variables such as culture, background, training, employment and entrepreneurial experience, and other competencies (e.g. language) (Backman et al., 2016, p. 22; Unger et al., 2011, p. 343). The different aspects of HC relate to general and specific HC: general HC, also known as vertical orientation, includes factors of education and experience that can be used in various settings; and specific HC, also referred to as horizontal orientation, involves knowledge and skills that are specific to an industry and have less value outside the particular setting (Backman et al., 2016, p. 24; Nason & Wiklund, 2018, p. 39).

Koryak et al. (2015, p. 92) reflects upon HC as an organisational resource that facilitates growth for small firms. Already existing knowledge and intellectual capital within an organisation allow for acquisition processes and investments within the organisation when growing. Also, individual and collective HC facilitate for organisations to identify and exploit growth opportunities to achieve organisational goals (Koryak et al., 2015, p. 93). This implies that a diverse range of skills, knowledge, backgrounds and experiences of organisational teams tend to increase the identification and exploitation of opportunities, in which firms with high level of HC can identify and acquire human
resources with a wide range of skills and competences to facilitate growth (Koryak et al., 2015, p. 94 & 98). Regarding HC, Chatterji and Patro (2014, p. 397) argue that small firms that encounter various growth challenges can manage human resource processes either through utilising possible existing internal resources or acquire external resources. For the purpose of our study and regarding HC, both perspectives are of importance as the internal HC facilitate the organisation to withhold necessary external HC when growing. In this regard, our study defines HC as:

“The various skills, background, experiences, knowledge, and competencies that facilitate firm growth.”

3.2.1 Framing Human Capital

Macpherson and Holt (2007, p. 178) argue that as an organisation grows, and the business environment changes, new competencies and experiences are required. This implies a challenge to develop human resources beyond existing resources (McKelvie & Davidsson, 2009, p. 66), in which managerial HC plays a key role to develop dynamic capabilities. Managerial HC facilitate to enhance organisational performance through various means (Gimeno et al., 1997, p. 774). For firms in knowledge-intensive environments, HC becomes especially important (Unger et al., 2011, p. 342). Hitt et al. (2001, p. 14) argue that managerial HC affect organisational performance through selecting, developing and using knowledge found in HC. With this in mind, the following section frames managerial HC to understand necessary skills, competencies and experiences among others that enable management of human resources in growing firms.

3.2.2 Managerial Human Capital

Rauch and Rijsdijk (2013, p. 923-924) argue that inexperience and insufficient knowledge are the most prominent reasons for business failure. Gimeno et al. (1997, p. 774) found that general previous management experience affect performance positively. Thereof, it is evident that managerial HC in terms of experience enable firm survival. For small firms, managerial HC is especially important for firm performance and growth (Rauch et al., 2005, p. 682; McKelvie & Davidsson, 2009, p. 66). Managerial HC is important for small firms to create structures, processes and culture to support knowledge transfer and learning when growing (Macpherson & Holt, 2007, p. 178-179). Oftentimes, small firms lack HR-departments that manage various aspects of human resources (Rauch et al., 2005, p. 682). This entitles managers to act as the HR-department by themselves, which propose that managerial HC enables the organisation to grow through acquisition and management of human resources.

When developing resources beyond what already exists, the managerial skills of knowing where and how to obtain resources is especially important to sustain small firm growth (Alvarez & Busenitz, 2001, p. 762). Managerial skills in terms of management, administration, social and cognitive skills positively affect firm performance and growth by providing managers with the ability to organise necessary activities, interact with various stakeholders, communicate effectively, and the ability to recognise opportunities (Backman et al., 2016, p. 30-33). General HC in terms of overarching knowledge, skills and competence is an important variable for growing businesses, as continuous improvement of knowledge positively affects long-term business outcomes (Rauch &
Rijsdijk, 2013, p. 936). This indicates that human resource management in small firms enable firms to continuously develop its HC when growing.

The way in which managerial HC is compatible in terms of human resource management is distinguished by the skills of specification and identification (Brush et al., 2001, p. 74-75). Specification refers to identifying the gap between what the firm has and what it needs to grow. Here, it is important not only to refer to human resources, but also what qualities are needed for the firm to grow. An internal inventory helps to know what type of HC exists within the firm to identify what type of HC the firms needs to acquire to manage growth challenges. Identification refers to potential HC that can be acquired, in which the managerial HC of being able to know where the firm wants to go is important.

To be able to identify opportunities and acquire human resources, social interaction skills are important to attract relevant yet heterogeneous resources when small firms grow (Alvarez & Busenitz, 2001, p. 768; Brush et al., 2001, p. 71). When attracting resources, five managerial HC and social skills are especially important, namely: social perception, the managerial HC of assessing traits, intentions, and motives of others; impression management, the managerial HC to encourage positive reactions from others; expressiveness, the managerial HC to generate enthusiasm among others; and persuasiveness and social adaptability, the managerial HC to align with social situations (Brush et al., 2001, p. 76).

The skill of combining resources rest upon managerial HC in terms of experience, educational background, social networks, and ability to combine heterogenous knowledge (Alvarez & Busenitz, 2001, p. 769; Brush et al., 2001, p. 72). When combining human resources, it is necessary to have the skills and competences that regards flexibility and analysis, as these aspects relate to keeping a relevant resource base for the firm to develop (Brush et al., 2001, p. 76). Brush et al. (2001, p. 76) discuss these skills as a way to assess that the firm has relevant resources to develop and reassure that irrelevant resources are decreased. Managerial HC in terms of communication skills are important to create a shared understanding of the firm and the future direction.

To transform individual knowledge to an organisational resource, Brush et al. (2001, p. 73) argue that not only managerial HC is important, but also team HC to institutionalise knowledge when the organisation grows. Transforming personal resources to organisational resources refer to developing routines, systems, and policies for the firm to advance from being reliant on managerial HC to better involve other resources in the firm (Brush et al., 2001, p. 76), which in this study this relates to employee HC. It is important to understand employees’ and potential employees’ previous occupations and experience since it can increase HC when the firm is growing (Backman et al., 2016, p. 23).

Although our study pertains a focus on managerial HC to understand how small firms can manage human resources when growing, employee HC is important to consider as it concerns the acquired knowledge and competence that enable the firm to develop further. As much of knowledge resides within HC (Hitt et al., 2001, p. 14), the organisation can acquire and develop HC to enhance performance. As HC is found within individuals, employee HC would be the skills, experience, knowledge and competencies that individuals bring to the organisation. Backman et al. (2016, p. 22) argue that a high level of employee HC promotes productivity that can positively influence individuals to
perform efficiently at work. In rapidly changing environments, Ranft and Lord (2002, p. 420) argue that it is not always possible to develop HC internally, which makes it relevant to acquire knowledge and HC externally, that is - employee HC.

### 3.3 Absorptive Capacity

Cohen and Levinthal (1990, p. 128) introduced absorptive capacity (AC) as the firm’s capability to identify the value of new and external knowledge, acquire it, and implement it within the firm to enhance organisational performance. Building upon this distinction, Phelps et al. (2007, p. 2) distinguish AC as the firm’s ability to take in and exploit new knowledge within an organisation whilst growing. Zahra and George (2002, p. 186 & 188) reconceptualise AC when defining the concept as various organisational routines and processes in which organisations acquire, assimilate, transform, and exploit external knowledge necessary to aid development of dynamic capabilities to yield performance. Dynamic capabilities refer to processes in which managers develop organisational resources to match requirements of changing environments (Eisenhardt & Martin, 2000, p. 1111; Teece et al., 1997, p. 515) and is further discussed in chapter 3.4

Cohen and Levinthal (1990, p. 135) argue that AC can be withheld both internally and externally in relation to the firm. As small firms often lack resources to develop knowledge internally, it is important that the firm is capable to build knowledge resources from externally held sources. To create an understanding of how small firms can manage to acquire external knowledge in terms of human resources when growing, our study focuses on an external aspect and defines AC as:

"The firm’s routines and processes that enable organisations to identify the value of new and external knowledge in order to acquire, assimilate, transform and exploit the knowledge to build dynamic capabilities within the firm when growing."

### 3.3.1 Framing Absorptive Capacity

AC enables small firms to manage growth challenges through a variety of perspectives. Phelps et al. (2007, p. 6-7) argue that firms grow at different paces and have different challenges in need of management throughout phases of organisational development. These challenges refer to organisational tipping points that firms encounter, either as an outcome of growth or because of environmental changes (Phelps et al., 2007, p. 8). The challenges may refer to issues of people management, strategic orientation, formalisation of systems, new market entry, obtaining finance, and operational improvements. To navigate beyond these challenges, Phelps et al. (2007, p. 8) reflect upon the need to acquire and implement relevant knowledge found in human resources to solve these growth challenges - that is AC. Small firms in the early phase of organisational development often lack internal resources to build knowledge and capabilities, which indicate a need to acquire knowledge from external sources (Grandinetti, 2016, p. 164-165; Hayton & Zahra, 2005, p. 257). Absorbing knowledge from outside of the organisation through acquiring competent human resources can bridge the knowledge gap that small firms encounter as a challenge whilst growing (Grandinetti, 2016, p. 164-165). Volberda et al., (2010, p. 932) argue that AC is important when managing human resources. The higher the level of AC within a firm complies with a firm’s ability to be proactive in terms of exploiting challenges that the environment possess, independent of how the firm is currently performing (Volberda et al., 2010, p. 942).
Debrulle and Maes (2014, p. 778) argue that AC is especially important for small new firms. In fast changing environments, a higher level of AC enables small firms to quickly acquire and exploit new knowledge for the firm to both survive and grow (Hayton & Zahra, 2005, p. 257; Larrañeta et al., 2017, p. 503). Small organisations often encounter challenges in terms of relatively few organisational members having a wide range of tasks and responsibilities. As stated in the section framing HC, small firms seldom have HR-departments to manage challenges as the organisation grows in number of organisational members, in which managers are to delegate tasks and manage people to navigate beyond growth challenges (Rauch et al., 2005, p. 682; Phelps et al., 2007, p. 8). Therefore, AC is a way to navigate beyond these type of challenges (Debrulle & Maes, 2014, p. 778). As small firms often have a narrow pool of knowledge, skills and competencies, AC in terms of acquiring relevant external knowledge can be a solution to integrate relevant competencies within a growing firm (Debrulle & Maes, 2014, p. 778). AC in terms of acquiring a wider range of knowledge is essential when addressing growth challenges (Debrulle & Maes, 2014, p. 778). Therefore, AC enables the firm to gather the required team skills and competencies needed when firms grow (Wright & Stigliani, 2012, p. 12).

AC enables small growing firms to identify and exploit new knowledge to navigate beyond growth challenges (Phelps et al., 2007, p. 11), which in this study refers to identifying and acquiring knowledge through human resources. Phelps et al. (2007, p. 12) argue that four learning states appear when encountering growth challenges: ignorance, which considers the firm not realising the growth challenge; awareness, indicating that the organisation identifies the growth challenge; knowledge, referring to identifying and acquiring relevant knowledge; and implementation, that is making necessary changes to navigate beyond the growth challenge. Oftentimes, firms skip some learning states, which indicates a lack of understanding of the encountered challenge. For small firms in rapidly changing environments, it is difficult to develop relevant knowledge internally due to resource constraints, in which it is important to seek and develop this knowledge from external sources (Hayton & Zahra, 2005, p. 257).

When encountering growth challenges, Zahra and George’s (2002, p. 186) distinction of AC becomes interesting in terms of organisational processes and routines that enable firms to acquire, assimilate, transform, and exploit knowledge to produce dynamic capabilities. The authors reconceptualise AC in terms of potential AC (PAC) that concerns acquiring and assimilating external knowledge; whilst the coexisting realised AC (RAC) relates to transforming and exploiting the new knowledge (Zahra & George, 2002, p. 191). These capacities depend on each other, which imply that PAC is needed to properly acquire and assimilate new and external knowledge to enable RAC through transforming and exploiting the knowledge within a growing organisation to enhance performance (Hayton & Zahra, 2005, p. 260). As highlighted before, firms differ in their pace of organisational development, in which small firms also differ in their capacity to manage PAC and RAC (Jansen et al., 2005, p. 1009).

### 3.3.2 Potential Absorptive Capacity (PAC)

Zahra and George (2002, p. 195) argue that the development of PAC is oftentimes path dependent. Path dependency in relation to PAC and the capacity to acquire and assimilate knowledge refers to the fact that past experiences influence what type of knowledge that organisations acquire. As discussed in the chapter framing HC, Brush et al. (2001, p. 74-
75) argued that it is important to identify and specify what the firm has and what it needs in order to manage growth challenges. As path dependencies influence acquisition of external knowledge, firms can develop competence traps, in which the firm gets narrow-minded instead of widening their scope (Zahra & George, 2002, p. 195). Debrulle and Maes (2014, p. 778) argue that a higher level of PAC enables managers of small firms to reduce the risk of adding and refining similar knowledge to what already exists which can lead to predictable results. For small firms to manage growth challenges, it is important to widen knowledge pools and skills to better compete in the market (Zahra & George, 2002, p. 196).

The first aspect of PAC in terms of acquisition concerns the firm’s processes and routines to identify and acquire external knowledge relevant for business operations (Zahra & George, 2002, p. 189). Activation triggers, whether internally or externally triggered, highlight that the organisation encounters challenges, which generates the organisation to put effort into acquiring new knowledge (Zahra & George, 2002, p. 193). For AC to enhance organisational performance, the new and external knowledge needs to be related to already existing knowledge within the firm (Cohen & Levinthal, 1990, p. 129). Thinking in terms of how small firms can manage to acquire human resources that encompass new and external knowledge, the knowledge needs to relate to processes and routines already evident in current business activities. With a focus on human resources, it is relevant to think in terms of identifying and acquiring individuals enclosing external knowledge that enables the firm to navigate beyond encountered growth challenges. Individuals with prior related knowledge to current business processes and future efforts are likely to need less training to help the organisation to perform at a desired level (Cohen & Levinthal, 1990, p. 130).

As a growing firm, it is important with intensity, speed and direction when acquiring new and external knowledge (Zahra & George, 2002, p. 189). Intensity and speed indicate how well firms respond to challenges, whereas the efficiency of acquiring knowledge is important to navigate beyond growth challenges. Direction reflects upon the path in which the firm seek to develop and influence a firm’s ability to acquire diverse knowledge to enable business growth. External sources that encompass complementary knowledge also affect PAC as it reflects upon the sources from which firms acquire its knowledge, whereas the knowledge should optimally be diverse from existing knowledge (Zahra & George, 2002, p. 193).

For new and external knowledge to be optimally integrated within the organisation, various backgrounds and prior knowledge among organisational members increase the chance of new knowledge to relate to or complement already existing knowledge within the firm (Cohen & Levinthal, 1990, p. 131; Zahra & George 191). Therefore, it is important that the firm is aware of the type of knowledge that organisational members possess to identify and acquire valuable and complementary knowledge that resides outside of the firm (Cohen & Levinthal, 1990, p. 133). In this sense, participation in decision-making is an important factor when acquiring new and external knowledge (Jansen et al., 2005, p. 1009), as number of organisational members can identify what type of knowledge that the firm needs to manage the growth challenge.

The other aspect of PAC concerns assimilation, which refers to the process of internalising the external knowledge through interpreting, learning, and comprehending the knowledge that is acquired externally to understand the new knowledge (Zahra &
George, 2002, p. 189-190; Hayton & Zahra, 2005, p. 260). To internalise new knowledge, it is important that the firm facilitates sharing and integration of the new knowledge (Zahra & George, 2002, p. 194). To manage this, Jansen et al. (2005, p. 1006) find that cross-functional interfaces, job rotation, and connectedness positively influence assimilation of new and external knowledge. Cross-functional interfaces refer to linking personnel and teams to enable communication across boundaries and authorisation, as well as overcoming differences and create a common understanding (Jansen et al., 2005, p. 1001). Job rotation influence assimilation through enhancing diversity in knowledge and backgrounds, which in turn facilitates both that new and external knowledge relate to existing knowledge, as well as creating awareness of what knowledge and skills that currently reside within an organisation (Jansen et al., 2005, p. 1001-1002). Connectedness relates to creating trust and cooperation through networks to enhance a common understanding of business activities (Jansen et al., 2005, p. 1003).

### 3.3.3 Realised Absorptive Capacity (RAC)

For a firm to perform at a desired level after identifying and acquiring external knowledge through PAC, it is important that RAC enables the firm to incorporate the knowledge for the firm to advance its performance through transformation and exploitation of the knowledge (Zahra & George, 2002, p. 191). RAC helps to understand why some firms fail to survive whilst others keep growing, as PAC refers to the acquisition process of relevant knowledge, whilst RAC refers to applying the knowledge to business operations through transforming and exploiting the knowledge to enhance performance (Zahra & George, 2002, p. 191). PAC therefore signifies a firm's capacity to identify the value of new and external knowledge and acquire it to the firm. The knowledge acquired in PAC needs to be transformed and exploited to become realised (RAC) to enhance performance. In this sense, PAC and RAC creates a foundation to produce dynamic capabilities to build relevant human resources when small firms grow.

The first aspect of RAC concerns **transformation** and refers to internalising the new knowledge with already existing knowledge within a firm (Hayton & Zahra, 2005, p. 260; Zahra & George, 2002, p. 189-190). Transformation remains the most critical aspect of AC in terms of converting and integrating knowledge within the firm (Larrañeta et al., 2017, p. 502). These aspects are of relevance because it enables a firm to generate a wider spectrum of perspectives and knowledge pools to gain new insights for a firm’s possible future directions (Zahra & George, 2002, p. 190). For growing small firms acquiring human resources, it is important to transform acquired knowledge to enhance the number of ways in which the firm can direct its operation.

Alike assimilation, both cross-functional interfaces, job-rotation, and connectedness also support transformation of new and external knowledge, as well as participation in decision-making (Jansen et al., 2005, p. 1007). In addition, socialisation tactics and formalisation are important factors contributing to transformation of acquired knowledge (Jansen et al., 2005, p. 1007). Socialisation tactics regard offering relevant information that enlighten new human resources about organisational values and norms to facilitate a “common language” as well as communication (Jansen et al., 2005, p. 1003; Zahra & George, 2002, p. 194). Formalisation concerns rules, procedures and instructions to enable new employees to understand tasks to perform efficiently (Jansen et al., 2005, p. 1002).
The final aspect of RAC is exploitation, which requires the firm to implement the new knowledge within firm specific processes and activities (Hayton & Zahra, 2005, p. 260). Exploitation refers to organisational processes and routines that allow to improve, extend, or create new competencies within the organisation through incorporating the new knowledge (Zahra & George, 2002, p. 190). Much emphasis here concerns routines to exploit and apply the knowledge to already existing or extended business activities. Thereof, it is important to implement the knowledge acquired in PAC through RAC in terms of transforming and exploiting the knowledge to widen the firm’s core competencies and utilise the knowledge within business activities (Zahra & George, 2002, p. 189-190). To enable exploitation of acquired knowledge, formalisation, connectedness and socialisation are important to enhance commitment and understanding of business processes (Jansen et al., 2005, p. 1003 & 1008).

3.4 Dynamic Capabilities

In the previous section, Zahra and George (2002, p. 188) frame AC as means to build dynamic capabilities (DC) that enable firms to manage organisational change. The means to build DC refer to the organisation having the capacity to identify the value of new and external knowledge and allowing this knowledge to serve as the foundation to build resources. Teece et al. (1997, p. 516) define DC as the firm’s ability of integrating, building, and reconfiguring internal and external resources to manage changing environments. Eisenhardt and Martin (2000, p. 1111) refer DC to specific processes in which managers develop the organisational resource base. The dynamic aspect of the concept relates to the ability to renew competencies to align to changing environments; whereas capabilities refer to strategic management of “internal and external organisational skills, resources, and functional competencies to match the requirements of a changing environment” (Teece et al., 1997, p. 515).

Ambrosini and Bowman (2009, p. 43) and Teece (2012, p. 1395) argue that DC enable firms to continuously refresh and align its resources to match encountered challenges. DC facilitates renewal of resources and routines through managerial and organisational processes (Teece et al., 1997, p. 518; Koryak et al., 2015, p. 96). Macpherson et al. (2015, p. 260) define DC in regard to when small firms manage resource constraints. As established before, small organisations in comparison to their larger counterparts often have resource constraints either in terms of tangible or intangible resources, in which DC enables managers to take practical action to overcome these challenges. Eisenhardt and Martin (2000, p. 1117) distinguish that the organisational advantage of DC rests upon the resource constellation that managers build through DC, rather than the capabilities themselves. For the purpose of understanding how small firms can manage human resources when encountering growth challenges, our study distinguishes DC as:

“The firm processes that facilitates managers to build human resources and capabilities to meet demands of changing environments.”

As AC and the components of PAC and RAC rely on the capacity to acquire, assimilate, transform and exploit knowledge, this in turn enable an organisation through DC to utilise the knowledge to build resources to align with changing environments. In our study, this reflects upon managing human resources in growing firms. With few practical distinctions of DC and the crucial aspect of knowledge and human resources management when growing (Andreeva & Ritala, 2016, p. 243; Ambrosini & Bowman, 2009, p. 31),
the following section will frame DC to create an understanding of the process of how small firms can manage human resources when growing.

3.4.1 Framing Dynamic Capabilities

The importance of DC for small firms relate to the organisational process of how to manage resources to enhance performance when facing challenges in changing environments (McKelvie & Davidsson, 2009, p. 65-66). DC create a foundation to reconfigure and renew the resource base to facilitate growth (Macpherson et al., 2004, p. 164; Macpherson et al., 2015, p. 282; Ambrosini and Bowman, 2009, p. 43). In comparison to large firms that depend on structure, DC enable small firms to create the more important aspect of heterogeneity and continuous development of human capital (Eriksson, 2014, p. 71). Eriksson (2014, p. 71) argue that DC facilitate the organisation with resource constellations that align with the challenge that the firm is currently encountering. Further, the author argues that DC contribute to configuring the right type of resources that are necessary for the specific challenge ahead. This implies that when small firms manage human resources, the manager and the team need to be able to identify necessary skills and competence in the external environment to properly acquire and manage to reconfigure the existing resources when encountering growth challenges.

Koryak et al. (2015, p. 95) argue that DC is especially important when small firms with few members grow, in which the organisation needs to develop capabilities. In small growing organisations, the application of knowledge is important, in which human resources help to create DC (Macpherson et al., 2015, p. 263). DC encompass the core of organisational knowledge and learning, which in turn generates core competences to the organisation (Savarese et al., 2016, p. 1940). The DC in terms of small firms acquiring human resources with more than one key competence is associated with higher growth for small new firms (Savarese et al., 2016, p. 1951).

DC facilitates managers to develop a resource base with organisational processes embedded in the firm’s process, position, and path, which the management need to sustain when the firm is growing (Teece, 2007, p. 1322; Teece et al., 1997, p. 518; McKelvie & Davidsson, 2009, p. 66). The process refers to how things are done in the firm in terms of routines and patterns of practice and learning; the position relates to the current resource base and the firm’s relations with the external environment; lastly, the path concerns the future strategic alternatives in which the firm directs its operations (Teece et al., 1997, p. 518). Together, the firm’s processes in terms of how things are done along with its position and resource base makes up the firm’s capabilities and competences (Teece et al., 1997, p. 518). As outlined below, these processes concern identifying and seizing opportunities and integrating and managing opportunities (e.g. Teece, 2007, p. 1322-1340; Teece et al., 1997, 518; Eriksson, 2014, p. 69-70; Koryak et al., 2015, p. 96). These processes highlight that firms are shaped by the past but can still shape the future direction depending on the investments and choices made (Teece, 2007, p. 1341).

3.4.2 Identifying & Seizing Opportunities

Identifying opportunities relate to scanning, creating, learning and interpretative activities in which managers address challenges (Teece, 2007, p. 1322), which in our study concerns managing human resources in small growing firms. Andreeva and Ritala (2016, p. 245) argue that the organisation needs to identify opportunities for development and
what internal changes that need to be made to make necessary changes when growing. Teece (2007, p. 1323-1324) argue that information need to flow freely within the organisation, whereas information channels between the firm and its environment is also crucial (Koryak et al., 2015, p. 96). In rapidly changing and competitive environments, DC depends on new knowledge to address growth challenges, in which it is important with the speed of knowledge acquisition when things change quickly (Eisenhardt & Martin, 2000, p. 1116; Teece et al., 1997, p. 515). In this sense, PAC in terms of acquiring knowledge plays a vital role to identify opportunities for change when growing, whereas both managerial and member capabilities and knowledge is important to properly identify which areas that need development to shape future directions.

When identifying opportunities, Eisenhardt and Martin (2000, p. 1114) argue that path dependencies in terms of prior history affect the future direction of an organisation. Depending on what individuals within the firm have learnt until present, this will influence what opportunities that firms identify, which in turn shape the firm’s future path. When firms grow, prior practices in terms of integration and acquisition tend to enhance business performance (Eisenhardt & Martin, 2000, p. 1114). In small firms, it is important with experienced actors to know what resources that the firm need to respond to challenges and align with the situation that the organisation is currently in (Macpherson et al., 2015, p. 283). Linking this to PAC and acquiring external knowledge, then small firms where managers only involve in the day-to-day business are less likely to identify opportunities of building human resources (Eriksson, 2014, p. 70).

In addition to path dependency influencing opportunity identification, Koryak et al. (2015, p. 96) argue that the firms need to identify resources that fit with the existing resources. As resources are only valuable in combination with others rather than on their own, a firm can add value through acquiring human resources that either complement, cospecialise, or relate to the existing resource base (Koryak et al., 2015, p. 96). Networks and information channels enable knowledge acquisition (PAC) which creates a basis for identifying opportunities to build resources as firms grow (Koryak et al., 2015, p. 96).

Teece (2007, p. 1326) relates seizing opportunities to addressing the identified opportunity. When seizing opportunities, it is important to invest in resources in a timely and efficient manner to improve competencies; especially in rapidly changing environments, it is crucial to invest in knowledge and to cospecialise (Teece, 2007, p. 1326 & 1328). This is done through accumulation and integration of resources (Macpherson et al., 2015, p. 261), in which it is important for small firms to invest in human resources that encompass knowledge and competence that can enable the firm to manage encountered growth challenges.

### 3.4.3 Integrating & Managing Opportunities

After addressing an opportunity to acquire human resources that encompass knowledge, Koryak et al. (2015, p. 96) argue that it is vital to integrate it within the organisation. In connection to PAC and acquisition of knowledge, integrating opportunities facilitate to make relevance of the acquired knowledge through integration activities by connecting new and existing resources (Eriksson, 2014, p. 70). The firm’s capacity to exploit and transform knowledge (RAC) entitle firms with the ability to integrate human resources and make use of their knowledge through integration activities bound to interaction and
collaboration (Eriksson, 2014, p. 70), indicating that integration is a key activity for the organisation to exploit knowledge and improve its resource base when growing.

To manage integration of human resources, the firm need to do this in accordance with organisational goals and activities, meaning that integration goes beyond the individual level and considers the organisational level (Koryak et al., 2015, p. 97; Teece et al., 1997, p. 519-520). Integration of human resources through managerial processes and systems, organisational structures, culture and values can help to exploit and utilise the knowledge within the organisation (Koryak et al., 2015, p. 97). For integration to be enhanced within the firm, it is necessary to codify and create a common understanding of organisational activities (Teece et al., 1997, p. 520). This type of integration facilitates learning to make routines more effective and for organisational members to know how to perform in accordance with organisational goals and business activities.

When integrating human resources, it is important to involve other people as to exploit their knowledge and integrate it with existing firm competencies, to either align with them or as an extension (Koryak et al., 2015, p. 97). Here, social interactions and routines facilitate integration (Koryak et al., 2015, p. 97). Macpherson et al. (2004, p. 174) argue that strategies based on routines in terms of organisational interaction and collaboration enable knowledge-dependent firms to integrate resources efficiently. Eriksson (2014, p. 70) considers that communication and interaction enables integration of knowledge through spreading both individual and organisational knowledge to new organisational members. This permits the organisation to integrate human resources with both actors and activities within the firm.

The DC of managing and reconfiguring opportunities are means to enable business growth (Teece, 2007, p. 1335). The managerial role is crucial to combine and make use of the knowledge within the firm (Eriksson, 2014, p. 70). Here, it is relevant to think of necessary changes that needs to be made within the resource base (Teece et al., 1997, p. 520-521). Reconfiguring and managing resources enable the firm to exploit the acquired knowledge and grow through means of making current structures more efficient (Macpherson et al., 2004, p. 174; Eriksson, 2014, p. 70).

Andreeva & Ritala (2016, p. 245) refer the DC of managing resources as the ability to implement them successfully within the organisation. To grow sustainably through management of opportunities, Teece (2007, p. 1335-1337) argues that managerial leadership skills are vital. The author distinguishes the ability to orchestrate, complement, and cospecialise resources to make a resource fit. As resources create value only in combination with other resources (Teece, 2007, p. 1338), managers need to have skills to combine human resources for the organisation to grow.

### 3.5 Absorptive Capacity & Dynamic Capabilities

As AC are means to produce dynamic capabilities (Zahra & George, 2002, p. 186), our study considers PAC as building stones for identifying and seizing opportunities, whilst RAC serves as a basis for integrating and managing opportunities. To begin with, PAC and the capacity to acquire and assimilate new and external knowledge creates a basis for the DC of identifying and seizing an opportunity to build resources. To utilise the acquired knowledge, RAC and the capacity of transforming and exploiting knowledge is vital to facilitate the aspects of DC in terms of integrating and managing human resources to align
with changing environments of a growing organisation. In this sense, PAC and RAC facilitate with the knowledge required to produce dynamic capabilities, which in turn intend to apply the knowledge by building resources to make current business structures more efficient.

### 3.6 Conceptual Framework

![Figure 1. Overview of the conceptual framework](image)

**HC** is recurring throughout the conceptual framework (see Figure 1), in which organisations need to develop HC beyond what already exists within the firm (McKelvie & Davidsson, 2009, p. 66). HC serve as a basis to understand necessary skills, knowledge, competencies, backgrounds and experiences relevant when managing human resources in a growing organisation. When encountered with growth challenges, managerial HC in terms of where and how to obtain human resources is important when the firm is growing (Alvarez & Busenitz, 2001, p. 762). Skills, experience, and knowledge in terms of how to specify and identify what the firm needs as it grows, along with the ability to combine and transform knowledge into organisational resources is important as firms grow and encounter growth challenges (Brush et al., 2001, p. 72-75).

In terms of **growth challenges**, Phelps et al. (2007, p. 8) argue that organisations encounter various challenges in need of management when growing. AC highlights the capacity of the organisation to identify the value of new and external knowledge to facilitate managers with DC to build and manage human resources to align with changing environments in growing firms (Zahra & George, 2002, p. 188; Eriksson, 2014, p. 70). The component of AC in terms of **PAC** refers to knowledge acquisition and assimilation (Zahra & George, 2002, p. 191), which facilitate with knowledge to **identify and seize opportunities (DC)** to build human resources. To identify what type of human resources that the organisation needs when managing an encountered growth challenge, it is important to identify opportunities for internal changes that need to be made to navigate beyond the growth challenge (Andreeva & Ritala, 2016, p. 245). In this sense, it is important to acquire and assimilate complementary external knowledge to continuously develop heterogeneity within the human capital base to reduce competence traps when growing as an organisation (Cohen & Levinthal, 1990, p. 129; Eriksson, 2014, p. 71;
Debrulle & Maes, 2014, p. 778; Zahra & George, 2002, p. 195). RAC in terms of transforming and exploiting knowledge serve as a basis for integrating and managing opportunities (DC) of human resources to align resources to make current structures more effective (Zahra & George, 2002, p. 191; Eriksson, 2014, p. 70-71). This step is vital to facilitate an understanding of business processes to enhance commitment and to exploit the knowledge within the organisation (Jansen et al., 2005, p. 1003 & 1008; Koryak et al., 2015, p. 97).
4. Practical Method

This chapter includes the methods that were utilised to collect the data along with the sampling technique. Furthermore, this chapter explains how the interview guide was developed, how the interviews were conducted, and how the transcription of the interviews was made. Lastly, the chapter highlights method of analysis and ethical considerations.

4.1 Data Collection Method

Bryman and Bell (2015, p. 13) argue that the data collection is a vital part of the research process in which there are different method to collect data. Our study uses primary data collected through interviews, whereas another option would be secondary data from existing sources (Collis & Hussey, 2014, p. 59). Interviews are common means to collect data in qualitative studies (Bryman & Bell, 2015, p. 479; Collis & Hussey, 2014, p. 133), which reflects upon our chosen research design. As our study aim to create an understanding of how small firms can manage human resources when growing, interviews facilitate to discover what participants do (Collis & Hussey, 2014, p. 133). Interviews help to create information and background to various issues based upon participants experiences, in which the participants can reflect upon past events and opportunities and constraints to act in a certain way (Tracy, 2013, p. 132). Thereof, interviews facilitate for our study to comprehend and understand how small firms can manage human resources when growing based on participant’s experiences.

When conducting interviews, there are three prominent ways of structuring interviews, namely structured, unstructured and semi-structured interviews (Bryman & Bell, 2015, p. 479). A structured interview commonly involves a strict list of questions that are asked in a chronological order and are formulated in the same way to each interviewee, (Saunders et al., 2012, p. 374). As of this, interviewees are dictated in their answers due to the questions often offering certain predetermined responses (Tracy, 2013, p. 139). Tracy (2013, p, 139) argue that a structured interview does not promote depth or flexibility since there is commonly a script to be followed. As our study aim to create an understanding of how small firms can manage human resources when growing, it is important to be able to go in-depth with the interviewees and be flexible in terms of asking follow-up questions, which indicates that a structured interview leaves less room to facilitate this.

Although an unstructured interview with few guiding questions enables the interviewee to talk freely about certain events which may help to gain an understanding of our chosen field of research, it also implies the risk of answers lacking connection to the purpose and the research question (Saunders et al., 2012, p. 375; Bryman & Bell,, 2015, p. 481). With more skills, knowledge and expertise within the area (Tracy, 2013, p. 140), the unstructured interview could have been means to understand how small firms can manage human resources when growing. Although, with the purpose to gain an understanding about these topics, we intend to make a semi-structured interview based upon our theoretical framework that serve as a foundation for our knowledge within the areas of human capital, absorptive capacity, and dynamic capabilities.
The semi-structured approach will serve as a basis for collecting primary data from our respondents. The semi-structured approach allows our research to have themes of questions that will serve as a guide and that are intended to be covered within the interview along with follow-up questions (Bryman & Bell, 2015, p. 480; Saunders et al., 2009, p. 320). These type of questions gives the participant some freedom on how to reply, the questions may not be asked in a chronological order depending on the conversation and questions can be added along the way based on what has been said (Bryman & Bell, 2015, p. 481; Saunders et al., 2012, p. 374). This approach is flexible and enable us to understand the participants experience and not let the theoretical knowledge control the direction or the answers (Bryman & Bell, 2015, p. 481), to better understand their perception of managing a growing organisation. Due to the theoretical foundation of the conceptual framework, there are some themes and processes that will be covered and examined during the interviews to ensure that the research question is answered. However, the aim of the interviews is to understand how human resources can be managed in practice when experiencing growth challenges.

4.2 Sampling Techniques

A sample is a subgroup of a population and choosing a sample is valuable when it is difficult or impossible to investigate the whole population or when there is time or budget constraints (Saunders et al., 2012, p. 260). The aim of the sampling method differs between qualitative and quantitative studies. Qualitative studies focus on various processes, contexts, gaining understanding, interpreting information and meaning in which people appoint to behaviour or activities; quantitative studies on the other hand focus more on sampling methods such as random sampling which facilitates generalisations to the population (Lapan et al., 2012, p. 84). The probability sampling provides means of generalisation which is more common for studies focusing on statistical estimations of the population (Saunders et al., 2009, p. 213). For this qualitative study, it is important with a valid sample that has experience of managing human resources when growing. This allows for the findings to be applied in similar contextual situations (Lapan et al., 2012, p. 84). With our objective approach to growth challenges that are not exclusive to small organisations alone, the findings may still be generalised to other populations than as outlined below.

As outlined above, in qualitative studies it is important to select a sample with purpose to ensure that the choice of respondents and organisations is relevant to answer our research question, which is called purposive sampling (Bryman & Bell, 2015, p. 428-429; Saunders et al., 2012, p. 281; Tracy, 2013, p. 134). Purposive sampling is commonly used when assessing small samples and allow us to go in-depth with the chosen respondents to understand the research area (Saunders et al., 2012, p. 281). Along with this, snowball sampling was used in limited cases to acquire additional participants due to the difficulties to get access to the desired participants (Tracy, 2013, p. 136). This sampling technique provides our study with participants through networks and asking already acquired participants to recommend other potential interviewees (Saunders et al., 2009, p. 240). The limitation of this sampling technique is that there is a risk of ending up with a very homogenous group (Tracy, 2013, p. 136), whereas we argue that differences in both encountered challenges and its management differ between organisations depending on location and availability of resources, which reduce the effect of homogeneity along with the limited use of snowball sampling.
To find a sample that is relevant to answer our research questions, certain criteria have been established below to serve as a guide in finding the potential sample, where their knowledge benefits the result of the study (Saunders et al., 2012, p. 281). To find a relevant sample that fits with the criteria outlined below, we began with narrowing the scope into one industry. The choice of industry was based on our personal interest along with that small technology firms operating within services provide the majority of job opportunities in Sweden (Andersson, 2017, p. 16). Knowledge, capabilities and changing environments are common characteristics within the technology industry, although not exclusive to, which also the concepts of AC and DC highlight as outlined in the theoretical frame of reference. Based upon Statistics Sweden’s\(^1\) classification of industries, Andersson (2017, p. 20) highlights high-technology services (SNI2007: 59-63, 72) as research services, media production, software, communications and IT among others. To further narrow the scope and find a sample to be able to answer our research question, we searched for companies that have experienced growth through various sources, for example Technology Fast 50 Sweden 2017 (Deloitte, 2017) as well as through recommendations from networks and already acquired respondents. As we define growth in terms of employment growth, this has been the main indicator to find relevant organisations. As discussed in the introductory chapter, growth in human resources requires financial means, and therefore we also considered turnover as an indicator for growth.

After finding organisations, we assessed potential individuals within the organisations through organisational websites and LinkedIn. We aimed at organisational members such as CEO, COO, HR manager among others due to our perception that these roles have experience of managing people and managerial experience in various types of decision-making. In this step, we looked at their current position as well as previous experiences. After finding potential respondents, we contacted the respondents or the organisation to redirect us to suitable respondents through email and LinkedIn’s internal email function - InMail. When contacting the respondents and the organisations, we outlined the purpose of our study as well as the criteria below to assure a suitable sample.

- **Individuals with experience of working in growing small technology service firms.** To ensure that our respondents answers provide means for our study to answer our research question, we outlined that respondents needed to have prior and/or current experience within small growing technology service firms.

- **Individuals with experience of managing human resources and growth challenges.** To facilitate valid information to answer our research question, we outlined that respondents needed to have experience within managing human resources and growth challenges.

Keeping in mind that some of the organisations are contacted by many requests from other students writing their degree project, it was difficult to stand out. In our study, many of the respondents did not answer the email or the InMail. Other respondents answered that due to holiday or other projects, their time was limited, and it made them unavailable for interviews. Some respondents declined the participation due to their assessment that

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the organisation was currently in a growth phase in which their participation would not add value to our study.

Tracy (2013, p. 138) argue that the amount of data required for a qualitative study depends on the quality of the data to answer the research question along with time constraints. The sample size may range from one single respondent to 350 (Tracy, 2013, p. 138; Bryman & Bell, 2015, 436). With limited time for our research, Tracy’s (2013, p. 138) argument on the importance of quality before quantity guide or perception of what remains sufficient data to answer our research question. To better understand how small firms can manage human resources when growing, data was collected through seven interviews from respondents fulfilling the criteria outlined above (see Table 1). The geographical location of the firms where the respondents have current and/or previous experiences differ, which indicates that the availability of human resources may vary (Dobbs & Hamilton, 2007, p. 309). This has been taken into consideration when analysing the data.

Table 1. Overview of respondents, type and time of interviews.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Current position</th>
<th>Previous experience</th>
<th>Type of interview</th>
<th>Time of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interview</td>
<td>COO</td>
<td>Country manager</td>
<td>Google Hangouts</td>
<td>00:42:50</td>
</tr>
<tr>
<td>Interview</td>
<td>CEO</td>
<td>Founder, COO</td>
<td>Skype</td>
<td>00:45:10</td>
</tr>
<tr>
<td>Interview</td>
<td>CEO</td>
<td>Department manager</td>
<td>Skype</td>
<td>00:53:34</td>
</tr>
<tr>
<td>Interview</td>
<td>Investor</td>
<td>Founder, business and sales manager</td>
<td>Skype</td>
<td>00:42:28</td>
</tr>
<tr>
<td>Interview</td>
<td>Consultant, investor, manager</td>
<td>Manager</td>
<td>Skype</td>
<td>00:49:45</td>
</tr>
<tr>
<td>Interview</td>
<td>CEO, CTO, CMO, CFO (serial entrepreneur)</td>
<td>Founder, CEO</td>
<td>Skype</td>
<td>00:54:37</td>
</tr>
<tr>
<td>Interview</td>
<td>COO</td>
<td>Consultant, CIO, manager</td>
<td>Face-to-face</td>
<td>00:43:21</td>
</tr>
</tbody>
</table>

4.3 Interview Guide

In accordance with our choice to make semi-structured interviews to create a better understanding of the interviewees’ experience of growth challenges, the interview guide (see Appendix 2 & 3) serve as a foundation to research the chosen themes related to human capital, absorptive capacity and dynamic capabilities (Saunders et al., 2012, p. 386). Previous literature along with the research question guide the themes and questions to align the interview guide to the purpose of our study (Tracy, 2013, p. 143; Kallio et al., 2016, p. 2959-2960). Thereof, the interview guide serves as a framework of guiding themes that allow variations on how to phrase questions depending on the interviewees’ answers (Yin, 2011, p. 139).

A semi-structured interview guide has implications on both conducting the interview as well as analysis of the data, in which flexibility is key to allow for changing order of questions if necessary (Tracy, 2013, p. 143; Kallio et al., 2016, p. 2960). Saunders et al. (2012, p. 386) argue that the interview guide encloses initial questions and potential probes to follow up on answers. Follow-up questions evolved both intendedly - by
establishing potential follow-up questions prior to the interviews - and spontaneously during the interviews to expand on answers (Kallio et al., 2016, p. 2960). When creating questions for the interview guide, the wording is an important aspect to take into consideration (Tracy, 2013, p. 144). In alignment with Tracy (2013, p. 144-145) and Kallio et al. (2016, p. 2960), the questions were clearly worded and single-faceted, whilst keeping the questions open-ended to allow for follow-up questions and to generate in-depth answers.

The outline of our interview guide (see Appendix 2 & 3) begin with questions framing experience to get an overview of the interviewees’ previous experience and background (Tracy, 2013, p. 147). Not only does this create a foundation to understand the participants’ experience and background, but also verify that the interviewees fulfil the criteria outlined for our sample. Following this, generative questions lay a basis to build broad and open-ended answers (Tracy, 2013, p. 147). As the concept of business growth is different for all firms, this type of questions helps to generate perspectives in which the participants can reflect upon the area more freely. As our study focus on human resources more specifically, more directive questions were also asked to control for the answers to touch upon our chosen research field (Tracy, 2013, p. 149). With a willingness to catch the experience of the interviewees, the interview guide finished off with catch-all questions (Tracy, 2013, p. 151), that is questions to make sure that the interviewee can add information that the participant finds especially relevant for the topic at hand.

Before the interviews were conducted, Kallio et al. (2016, p. 2961) argue that it is convenient that somebody external to the research team to assess the questions relevance. As of this, the questions were sent to our supervisor prior to the interviews to get valuable critique and a final approval before conducting the interviews. Prior to the interviews, the themes were emailed to the participants and the questions were sent out upon request for interviewees to prepare (Saunders et al., 2012, p. 385).

4.4 Conducting the Interviews

The location is important to take into consideration when conducting interviews, especially in regard to convenience of the participants (Saunders et al., 2012, p. 386). Mediated interviews through technological media enable the interviews to be held independent of geographical location, which allow participants to choose location of their preference (Tracy, 2013, p. 163). In regard to this, telephone and Skype-based interviews were proposed to the participants to make it convenient for them whilst allowing for interviews independent of geographical location. All interviews except from one - which was done face-to-face - were conducted on Skype or similar technological medium when participants sent invitations to Skype Business and Google Hangouts.

Before conducting the interviews, Tracy (2013, p. 160) proposes to test relevant equipment. For our interviews, this was done through checking all technological aspects of the equipment, involving audio and video of technological medium, as well as audio-recording on two phones to backup any potential problems and losses. To make sure of good quality of the audio-recordings, the interviews were conducted in quiet environments in which potential disturbing sounds are minimized to make sure of good quality of audio-recordings (Saunders et al., 2012, p. 386).
When conducting the interview, it is important to outline the purpose, length, topics, and informed consent to the participant (Tracy, 2013, p. 161). We initiated all interviews with a short introduction of ourselves along with our current educational background as international business students within the field of management. Following this, we asked the participants for their acceptance to record the interview for our own recollection of answers and to lay a foundation for results and analysis; also, a question was asked regarding whether they wanted any information, such as name and company, to not be enclosed within the report, which is important when doing audio-recording (Tracy, 2013, p. 146). After acceptance of audio-recording, we outlined the purpose of the study along with establishing an estimate time of the interview to last around 45-60 minutes.

Beginning with the themes enclosed in the interview guide, Yin (2011, p. 136-138) argue that it is important to speak in modest amount, being nondirective, staying neutral, and maintaining rapport. To speak in modest amount assures that us interviewers speak less than the interviewee. It is important to listen and rather following up with questions to let the interviewee explain their experience around the themes (Tracy, 2013, p. 161). This goes along with being nondirective, in which the interviewee talks about their own experiences, in which unforeseen perspectives may be brought up that will have important implications for understanding the participants perspective (Yin, 2011, p. 136). Staying neutral refers to avoiding biases that might result from responding to a specific answer in a way that affect the participants interpretation, which also align with maintaining rapport by having responsibility for the participant to feel unharmed (Yin, 2011, p. 137-138). Instead, it is important as an interviewer to clarify an interpret answers through active listening and probes (Tracy, 2013, p. 161), rather than responding. This further align with our reasoning on gathering information from the participants through interaction to understand the respondent’s experiences of managing growth challenges (Saunders et al, 2012, p. 137; Collis & Hussey, 2014, p. 46).

Most interviews were held in Swedish due to participants being native speakers. This allowed us to get in-depth answers on the themes covered and for them to speak freely about their experiences without being limited by language barriers, to enhance the quality of the gathered data. However, the presentation of the results may not reflect the exact wording of the answers, but instead generate a more thorough understanding of the participants’ experience. In the cases where Swedish was not the native tongue, English was used throughout the interview in which the participant was fluent.

### 4.5 Transcription

For this study, we chose to transcribe the interviews to present the most truthful result of the interviews (Bryman & Bell, 2015, p. 493). As previously mentioned, the interviews were recorded and then transcribed. The advantage of this decision was that it allowed us to be more relaxed during the interviews knowing that it would be recorded. It allowed us to focus on the interviewee and asking the right probes instead of taking notes (Bryman & Bell, 2015, p. 494). Additionally, transcription reduces the misinterpretations and memory losses that can occur if the interview would not have been recorded. It also allowed us to go back and forth between the interviews to thoroughly review each interviewee's answer (Bryman & Bell, 2015, p. 493). Another reason for recording and transcribing the interviews was that it allowed us to go back and listening to what was said but more importantly how it was said, which is important in qualitative studies (Bryman & Bell, 2015, p. 494; Saunders et al., 2012, p. 550). Transcribing the interviews
made the process of going back and forth easier than if the audio had to be listened to when presenting the result and analysis (Tracy, 2013, p. 177-18).

The recording was kept on from the moment that the interviewee agreed upon being recorded until closing the interview. This choice was an effort to reduce the risk of not getting all the valuable information recorded since the interviewee can provide useful material until the end (Bryman & Bell, 2015, p. 500). The transcribing of the recordings was done right after the interviews to assure a truthful presentation of the result and to recall certain emphasised words and situations correctly (Saunders et al., 2012, p. 550). Certain symbols were used in the transcribing process to get an understanding of pauses and emphasised words and abbreviations were used to reference to who was speaking (Tracy, 2013, p. 178; Saunders et al., 2012, p. 551). Repetitive words were excluded if they were right after each other and words such as ‘ehh’ and ‘hmm’ among others were excluded from the transcription due to it not being useful (Bryman & Bell, 2015, p. 497).

4.6 Method of Analysis

The method of analysis should reflect upon the research question, objectives, strategy and philosophical assumptions (Saunders et al., 2012, p. 556-557). As outlined in chapter 2.3, our deductive approach refers to the structure of the theoretical frame of reference, whilst the inductive elements facilitate us to analyse our findings. When analysing qualitative data, Bryman and Bell (2015, p. 599) state that a thematic analysis provide means to identify recurring themes in the collected data. This is further supported by Lapan et al. (2012, p. 129) and Clarke and Braun (2017, p. 297) that highlight interpretation of the collected data to identify various categories. Braun and Clarke (2006, p. 86-93) highlight a six-step-process in identifying themes. The first step involves getting familiar with the data. Throughout this process, we individually re-read all transcribed interviews while taking notes on recurring statements. The second step includes development of initial codes, followed by the third step of organising the coded data into themes. The fourth step involves a revision of the themes where certain themes are removed based on irrelevance. These steps were taken by discussing our individual notes and by colour-coding recurring themes found in the data. The fifth and sixth step of the process includes naming the categorisations and connecting it to the report and analysing it. Saunders et al. (2012, p. 557) argue that there are various means to categorising data, namely concept or data driven. Concept driven categories refers to those found in the literature, whilst data categories reflect upon those found in the collected data (Saunders et al., 2012, p. 557). In our study, the overarching themes in the analysis are based on the conceptual framework with concepts found in the literature. Under these conceptual themes, data driven themes from the findings highlight recurring processes of how small firms can manage human resources when growing.

4.7 Ethical Considerations

Ethical considerations in research guide our behaviour when studying our chosen field of subject in terms of our relation to the rights of those included or influenced by our research (Saunders et al., 2012, p. 226). Throughout the entire research process, beginning with design to final report, there are various issues to take into consideration as a researcher (Saunders et al., 2012, p. 237; Collis & Hussey, 2014, p. 31; Patel & Davidson, 2011, p. 62). When doing research, it is important to not cause any harm to participants
or any other influenced party, involving us researchers (Collis & Hussey, 2014, p. 31; Bryman & Bell, 2015, p. 135-136). Here it is important to consider risks both in terms of research method and violation of preconcerted agreements (Saunders et al., 2012, p. 231). To reassure no harm to participants, all respondents have been asked for their voluntary participation in an interview. When participants asked for questions in advance, these were sent out to give the participants the opportunity to exit the process or to determine if there are any sensitive questions that the participant does not want to answer (Saunders et al., 2009, p. 188). Although not all respondents asked for the questions in advance, there should be no significant effect on the results as all information about the purpose of the study along with how their participations only serve for the purpose of creating a basis for our results and analysis was outlined for the respondents. This refers to informed consent (Bryman & Bell, 2015, p. 139). Informed consent enables participants to make an informed decision, creates a voluntary nature and to reduce the harm to the participants (Bryman & Bell, 2015, p. 139; Collis & Hussey, 2014, p. 30-31; Saunders et al., 2012, p. 231).

Invasion of privacy is another ethical aspect taken into consideration, which refers to the sensitivity of specific topics to individuals (Bryman and Bell, 2015, p. 143). This further reflects upon confidentiality which is important to offer to the participants and the researcher has the responsibility to ensure whether the interviewees want it (Lapan et al., 2012, p. 36). By promising confidentiality, the researchers must ensure that the information is handled with care to eliminate the risk that the individual is associated with the report (Lapan et al., 2012, p. 36). All participants were asked whether they wanted any information excluded from the report, in which confidentiality has been given to assure that the information will not be traceable to neither organisation nor individual (Collis & Hussey, 2014, p. 33). To ensure that sufficient information will be gained from the interviews to present valid knowledge to the reader, the person’s experience within the chosen industry will be described as well as the experience the person have with the research topic, which is the most important aspect. Due to interaction with the participants during the interviews, anonymity cannot be offered (Lapan et al., 2012, p. 36).

During data collection, Saunders et al. (2012, p. 241) reflect upon ethical considerations regarding techniques to collect data. When initiating the interviews, we again outlined the purpose along with how the data will be treated with care in regard to serving as a basis for results and analysis to ensure privacy and confidentiality. In addition, we reassured their right of withdrawing their participation or not responding to questions for any reason, followed by asking for their approval of recording the interview for the recollection of answers. These aspects are important to take into consideration when conducting interviews, along with respecting the participants time to other commitments by keeping the scheduled time-slots (Saunders et al., 2012, p. 242). When analysing and reporting the data, it is important to not misrepresent the gathered data (Saunders et al., 2012, p. 245) in which we have managed the research process with care to present a truthful picture of the social reality of our respondents.
5. Findings

This chapter begins with presenting an overview of the interviewees. Furthermore, the findings from each interviewee is presented with a short introduction to their background and experience of growth challenges to get a better understanding of their answers.

5.1 Overview of the Interviewees

Table 2. Overview of the respondents current and previous experiences.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Current position</th>
<th>Previous experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee A</td>
<td>COO</td>
<td>Country manager</td>
</tr>
<tr>
<td>Interviewee B</td>
<td>CEO</td>
<td>Founder, COO</td>
</tr>
<tr>
<td>Interviewee C</td>
<td>CEO</td>
<td>Department manager</td>
</tr>
<tr>
<td>Interviewee D</td>
<td>Investor</td>
<td>Founder, business and sales manager</td>
</tr>
<tr>
<td>Interviewee E</td>
<td>Consultant, investor, manager</td>
<td>Manager</td>
</tr>
<tr>
<td>Interviewee F</td>
<td>CEO, CTO, CMO, CFO (serial entrepreneur)</td>
<td>Founder, CEO</td>
</tr>
<tr>
<td>Interviewee G</td>
<td>COO</td>
<td>Consultant, CIO, manager</td>
</tr>
</tbody>
</table>

5.2 Interviewee A

5.2.1 Background & Growth Challenges

In the organisation currently positioned in, interviewee A has experienced organisational growth by being part of the organisation from when it employed four members and that today employs 300 organisational members. Throughout the years of growth within the organisation, interviewee A has had several different positions with various responsibilities and activities in the organisation. In the last two years, interviewee A had the role as country manager of Sweden and was responsible for a content team and a market team focusing on sales. During the last nine months, interviewee A is Chief Operating Officer (COO) and responsible for everything concerning the operations in the ten markets that the company is currently present in.

When reflecting upon growth challenges, interviewee A distinguishes organisational growth as the most challenging aspect. In the last three years, the organisation has grown rapidly both in terms of revenue but also in terms of employees. Interviewee A argues that before an organisation reaches around 40 members, then everyone knows the goal and the future direction for the coming six months. However, when growing above these levels, it is difficult to get everybody to work in the same direction and assure engagement from the members, in which interviewee A reflects upon the importance of more dedicated focus on creating and understanding of organisational goals as well as where
the organisation is heading. When managing these type of growth challenges, interviewee A highlights a focus on culture:

“It is about defining the company’s culture, put words on what we expect from our co-workers and to work through managers in order to entrench it within the organisation.”

When managing organisational growth challenges in terms of increasing number of employees, interviewee A argues that it is important to be flexible and like change. A growing organisation enables for individuals to grow into new roles as well as getting new responsibilities. In addition, when growing as an organisation, interviewee A thinks it is crucial to have individuals that are prestigeless and challenge-oriented with a willingness to work in teams. These characteristics are important when the organisation grows in terms of number of people, in which interviewee A argues that important characteristics change as the organisation transition through growth phases:

“When the organisation is more structured, these characteristics may not be as important.”

In terms of resources to manage phases of organisational growth, interviewee A reflects upon human resources. On the one hand, interviewee A argues that an organisation is often less people than wanted. However, it is important to be careful and not grow too fast in terms of number of people, as the organisation will eventually reach a phase of facilitation. The risk when the business is doing well refers to recruiting more than necessary, in which there is a risk that the organisation becomes inefficient if members do not have 100% to do during the day and if responsibilities are not clearly outlined. Interviewee A argues that it is important to find a balance in terms of growth speed:

“One has to question if we actually need more [people], if the organisation remains efficient or if it will become inefficient.”

Interviewee A reflects upon how the organisation initially recruited with care, due to the economic costs connected to human resources. Personnel costs not only in terms of capital, but also resources in terms of time to both find and integrate individuals within an organisation. Thereof, interviewee A highlights that economic growth allows an organisation to reach its goals by finding human resources that want to accomplish these goals. With an economic stability, the organisation dares to invest in human resources to better reach organisational goals.

5.2.2 Acquiring Human Resources

When reflecting upon the role of human resources as the firm grows, interviewee A argue that HR should be part of an organisation at all times. Interviewee A argues that the role of HR as the firm grows should concern a strategic role, in which HR support leaders and facilitate proactive work through the whole process of acquiring and integrating human resources. Further, when reflecting upon finding a balance of acquiring human resources in a balanced pace, interviewee A believes it is important to always keep a questioning mindset:
“Within HR and recruiting, it is important to question if this is really the best way to do it, can we do it in another way? It makes you aware of what you are doing, and it makes you think about your decisions one more time.”

When acquiring human resources, interviewee A considers a recruitment process in three steps. The process differs depending on which department and team that the acquisition of human resources concern. The first step in the three-step process involves meeting an HR-responsible along with the recruiting manager. The role of the recruiting manager refers to finding the right knowledge necessary for a certain role. On the other hand, the role of HR focuses on considering previous performances, what type of person someone in front of you actually is with a special focus on culture and values. The second step refers to meeting the team in which the potential recruit would be involved in. The third and final step considers meeting the top management to ensure that culture and values align with that of the overall organisation. Interviewee A highlights that the process is executed internally and may take more time than that of other organisation. However, interviewee A considers that the time is worth it since it ensures that the right person is acquired to the firm.

Reflecting back upon what the process looked like when the firm only occupied a couple of members, interviewee A highlights that the CEO was responsible for recruiting members to the organisation. The company started growing early on, in which an individual was acquired early to be responsible for acquiring human resources with focus on ensuring that competencies that the organisation needed was acquired. To ensure that the organisation finds relevant human resources when growing, the firm utilises competence-based recruiting with a special focus on personal characteristics. Here, the recruiting manager is responsible in determining whether an individual’s knowledge and previous experience is sufficient. Although interviewee A argues that it is important that the feeling of a potential recruit is right, it is important to understand underlying factors and what hides behind a person. Here, competence-based recruitment facilitates with a process of identifying the right type of person:

“You need some kind of tool which you can use in order to not only depend on the gut feeling, which easily happens.”

Interviewee A continues to emphasise the importance of having diverse teams since people are good at different aspects, where an organisation needs some people starting projects whilst others complete them to give an example. However, interviewee A reflects that different types of human capital are important in various phases as an organisation grows. In the beginning, an organisation may need a specific personality, but as the organisation is growing, more breadth is necessary. As organisations grows, interviewee A reflects upon how challenges become more complex and it increases the need for different personalities and competencies. At the firm that interviewee A currently works for, the organisation believes that co-workers that are engaged do good things. Therefore, there is an effort in finding people that are good at what they are doing, who truly wants to be within the organisation and that can share the organisational culture.

Interviewee A reflects upon the competitive environment that limits the availability of human resources. Especially regarding developers, interviewee A considers the demand for these roles as high with competition from large and well-known technology firms. To manage this type of challenge, interviewee A argues that it is important to make the
organisation visible to increase the for people to apply to position within their organisation. In this specific case, interviewee A reflects that the organisation has been helped by being written about through different media, being visible and through outdoor ads.

5.2.3 Integrating Human Resources

Both during and after the acquisition process, the new recruits are integrated into the company. When asked about how the integration process of human resources is managed, interviewee A explains that there are some onboarding activities that are accomplished. Over the years, the onboarding process has become more and more important as the company has grown in numbers of organisational members.

“A couple of years ago culture, values and ambition were not really spoken about. But now it is important to understand for a new person entering how the organisation is structured, what are the key roles, what do we want to achieve, how to be a good co-worker, what is expected from oneself."

In addition to the aspects mentioned above, interviewee A highlights that there are additional activities depending on which department within the organisation that the integration process concerns. When managing integration of new recruits, the process includes clarifying departmental routines, how work is performed, and the details concerning the specific role that are briefly touched upon in the recruitment process but that becomes more salient in the integration process. Apart from these specific activities, some of the new employees get to experience the customer service department even though their role does not concern this specific department. Interviewee A believes that it helps in gaining an understanding of the company’s customers and the challenges that appear in that setting.

When reflecting on how to manage to get new employees to understand the organisation and their tasks, interviewee A believes that it is important to quickly integrate the employees in their new role and start being efficient within it. Interviewee A explains that the routines have differed over the years of organisational development, in which routines were not necessary to begin with. As the company grow, interviewee A thinks it becomes more important to explain about the organisation and how it works since it needs to become more structured. Additionally, interviewee A explains that when you reach a certain number of employees, challenges in terms of keeping track and understanding what everyone are doing begins.

“As we become bigger, more people will leave. Maybe that has to do with the company being different than 10 years ago. Working within a flat organisation, being able to work freely within your responsibility and being able to make decisions in your role, I believe people appreciate [that]. If you enjoy working like that, I think you enjoy working here. However, there are people who does not enjoy that, and want to work within a company with 10000 employees where everything is super structured and there are templates for everything. Then this is not the right place.”

As highlighted earlier regarding competition between organisations and the demand of developers, interviewee A reflects that developers within their organisation stay for a long
time and interviewee A believes it has to do with that the organisation is a fun place to work in.

5.3 Interviewee B

5.3.1 Background & Growth Challenges

After university, interviewee B entered a management trainee program with an executive role and gained knowledge about leading teams and people management. Interviewee B has experience within the world of start-ups from starting 10 different companies. Apart from the start-up experience, interviewee B has been Chief Operating Officer (COO) at one of the most predominant travel agency’s where the main responsibility was to scale the organisation to Europe. The role as a COO resulted in hiring 3000 people within a four-year period and creating an academy together with others. Moreover, interviewee B has been in charge of a global hotel business where the main duty was to turn around the business. Today, interviewee B is the Chief Executive Officer (CEO) of a Swedish technology company and recruited for the responsibility to scale the business outside of Sweden.

With experience from various phases of organisational growth, interviewee B reflects upon different growth challenges that organisations encounter and these challenges depend on what type of phase the organisation is in. As the organisation grows, interviewee B distinguishes a need of finding people with experience in working in bigger teams and with a sense of building structure. The challenge with a growing organisation relates to changing the DNA of the firm, which requires management in terms of creating perspective and priorities for the team to know the future direction through communication and interaction with individuals to support change. Interviewee B distinguishes that as the organisation moves through different phases of size and growth, the organisation change in structure and adds layers to the organisation:

“You are also creating the ugly thing that is called middle management, which is a necessary evil.”

The most important resource when managing organisational growth challenges is culture according to interviewee B. It is especially important to test, learn, and discuss openly about culture. As the organisation grow through layers of functionalities, the more difficult it is to scale an organisation as people tend to become protective of their functionalities. To manage culture, interviewee B argues that an agile environment where people can cooperate in multidisciplinary teams enables organisational members to understand what is important for the organisation. Additionally, interviewee B thinks that it is especially important to understand the organisation in terms of how the firms creates value and that people realise their responsibility within the organisation to make the right decisions:

“It might be very good to move through ranks and try different things. People are likely to feel at ease much longer because they can develop themselves for much longer.”
5.3.2 Acquiring Human Resources

Interviewee B refers the HR lead to be “the eyes and ears of the organisation” and a business partner when managing organisational growth challenges. Although interviewee B thinks of HR as a facilitating role, HR enables managers to detect concerns, stress, and excitement within the organisation as it grows, which otherwise is difficult to detect as a manager. Further, the HR serves as a “go to place” for employees in which they can feel trusted.

To manage growth challenges, interviewee B thinks it is important to be sensitive to signals and that the size of the organisation affects the timing of things. The type of people that are needed in organisations depends on the phase that the company is currently in. Early on, interviewee B believes that people with a pioneering mentality, senior and experienced people are necessary to have within the company. Furthermore, interviewee B highlights that it requires a certain profile to work within start-ups and once the organisation grows, it is important to include more structured people and people that have experience working with bigger teams.

“You are moving from all-rounders, one person doing four things at the same time, to more specialised.”

Interviewee B mentions that when looking for new organisational members for a specific role, a profile description is established containing intangible and tangible aspects such as culture, DNA, skills and background. When reflecting over what type of characteristics that are important when small organisations grow, interviewee B emphasises individuals that can keep an overview and not just dig into their area:

“That is extremely important. Small egos help. Obviously, people tend to look at their organisation or part of their organisation as their baby, especially in the starting environment. So, you need people that have small egos and that can let go.”

Additionally, interviewee B underlines that it is beneficial if people have a key understanding of their plus and minus, their talents and limitations. As the organisation grow, the founder will have to let go of more functionalities. In the end, being humble, having a small ego and the ability to make decisions that are good for the company and not necessarily good for the ego are characteristics that are important to have within a growing company. The kind of people you want to attract are individuals that are flexible, eager to learn, willing and ready to change, since the role within a growing organisation can change quickly. Moreover, growing organisations should attract people that want to grow since the profile of individuals previously described are normally looking for growth as one of the criteria when searching for different jobs. People that want to have a steep learning curve and move through the range of different roles, these features are more likely to happen within a growing company.

Interviewee B pointed out the phenomena cell-split in regard to identifying needs for new competence. Cell-split as distinguished below requires quite big investments in smaller organisations to acquire a right-hand person, in which the organisation needs to have means for that. When an organisation and teams grow, it is important to take ownership:
“I am a keen believer in cell-split, that a key person is getting too busy will get a right-hand person. The right-hand person will get the onboarding of this more senior and early person and then in itself, the right-hand person can split up and take two of the four of the functional areas and then this person need to start recruiting and then that can split off.”

When discussing the acquiring process of human resources, interviewee B argues that it is necessary to have a recruiter which can be internal or external and a recruiting manager. These two roles need to be aligned in terms of what type of person that is wanted, in which it is important to have a clear profile. Whether it concerns peer-to-peer recruiting or regular recruiting, the profile need to be clear. In an interview process, interviewee B believes that it is important not to involve too many people and instead keep it to the most relevant ones:

“If the role integrates a lot with operations but it is a marketing role, then somebody should also be interviewed by operations. The internal stakeholders should also have a say about it. Because the most important is to find someone that cooperate within the organisation.”

When referring to the use of role descriptions, interviewee B means that it is necessary to have a conversation about the role description, but not to recruit solely based upon it as interviewee B implies that the role description is rarely followed. Furthermore, interviewee B highlights the importance of talking about the organisation’s mission, what you are trying to achieve as an organisation, the reason of being and finding people that align with these aspects. When reflecting upon the ownership of the hiring process, interviewee B does not think it should be owned by HR and therefore, interviewee B believes it is not an issue within smaller companies. It should instead be owned by the hiring manager. The reasoning behind the hiring manager being responsible for the hiring process refers to getting the right type of people within certain teams, which should be decided by the one with most influence within the team.

Interviewee B emphasises that a good HR lead can be a support for a manager if the HR lead has some experience working as a general manager before. It helps in understanding the organisational design and what type of support managers need. Interviewee B thinks it is necessary to consider dedicated HR departments as an organisation grows beyond 10 people.

When reflecting on constraints regarding human resources, interviewee B argues that some functionalities are scare in which it can be easier for larger companies to acquire these functions. The reasoning behind this argument is that if people are not satisfied with a specific role, there may be alternative options within larger organisation. On the contrary, some people enjoy working with smaller companies or less bureaucratic companies, which small companies can be associated with, in which interviewee B thinks that the constraints to human resources depends on the profile that the organisation is looking for.

5.3.3 Integrating Human Resources

When considering integration of human resources within a growing organisation, interviewee B mentions that learning on the job is the most important part. Walking along
with someone, preferably more than one, is an effective way of onboarding. Moreover, it is vital to create the right mindset, share the organisation’s cultural values, the mission, how you cooperate within the organisation and how value is created to the customers. In addition, interviewee B considers that integration can be both general and specific:

“Some models are department or functional specific. Obviously, some working for growth marketing, working a lot with Google campaigns has a different onboarding compared to someone being a support. There is a common part that should be the same for everyone and there is a specific part that should be department specific.”

Once recruits have become members of the organisation, interviewee B thinks that standardised training and development areas should be established for people to develop themselves in knowledge, capabilities and skills among other things.

5.4 Interviewee C

5.4.1 Background & Growth Challenges

With prior education as a police officer, interviewee C has experience working as a manager at an institution as well as educating police students. During the last three years, interviewee C has been working within a small technology organisation with most of the time spent as a department manager, but currently with the role as Chief Executive Officer (CEO) of the organisation. In this role, interviewee C is responsible for the whole organisation, ranging from economic aspect to what interviewee C considers more important - the employees and people within the organisation. Interviewee C says that during the last three years, the organisation has increased from 14 employees to 35.

When reflecting upon growth challenges, interviewee C considers challenges that consider the whole technology sector and highlight the lack of knowledge. Previously, interviewee C argues that the technology sector has been a separate island in contrast to the current business environment in which organisations work in networks. Whatever organisation it might be, technology and IT are always a part of it. With lacking knowledge, organisations have difficulties in recruiting relevant people to IT-positions, in which interviewee C finds their organisational advantage in terms of providing a service. This indicates the challenge of finding good people that enjoy working, which in turn can contribute to deliver what the customers need. Although this is a challenge for the whole technology sector, interviewee C reflects upon this aspect as their chance to grow:

“In relatively large organisations, then you have room for two to three people to work within IT and it is not that fun to work with IT when you are only two to three. Then you need to know everything from service desk to senior engineering. That makes us strong. We are 35 co-workers certified within different areas and experts both within IT project management to service desk. That is both an opportunity and a challenge today.”

Interviewee C reflects upon the challenges that comes with lacking knowledge within the fast-changing technology sector. The most challenging aspects refer to keeping up with relevant and high competence in the ever-changing industry, along with finding people available and with a willingness to work within the technology sector. In terms of resources, interviewee C argues that there are two ways of managing growth challenges.
in terms of lacking knowledge and competence; either to build them internally or acquire them externally:

“We can build competence ourselves, that is how we do it.”

In today’s’ business environment, interviewee C concerns human resources as the most crucial and costly resource to acquire. To be able to acquire human resources, interviewee C reflects upon the need to have knowledge in terms of how to recruit people; again, either from external sources or through acquiring people with that type of knowledge. Along with this, interviewee C thinks it is necessary with courageous individuals that dare to change the culture to make necessary changes to better communicate the direction of the organisation and to reach organisational goals.

5.4.2 Acquiring Human Resources

When reflecting upon how to define and discover the need to develop new roles, interviewee C emphasises collaboration. Being able to discuss in an open environment can help in acknowledging where something is missing. Listening to people within the organisation can help detect if people are overworked and make necessary changes. If experiencing rapid growth, things will change, and interviewee C thinks it is important to constantly evaluate the environment and whether parts of the organisation should be outsourced, such as the certain administration systems. Other areas such as knowledge about the employees should not be outsourced according to interviewee C since that will inhibit the development of a good working environment. Interviewee C continues to explain that being able to listen, giving feedback, and getting ideas will not happen if an external source interferes.

To manage a growing organisation, interviewee C believes that it requires courage from the organisation’s side to see other competencies from what is commonly seen. Interviewee C considers courage to think differently and sitting down to evaluate what one wants to contribute to the organisation is necessary as it grows. If this is not done, interviewee C believes that the biggest repercussion is that you will end up hiring the same people repeatedly:

“You do things the same way and expect a different result. Do you know what Einstein called that? Insanity.”

Interviewee C considers the implications of acquiring the same type of individuals and that it can reflect on the organisational growth. In times when resources are scarce, and the location affects availability of human resources, you need to do things differently. Therefore, interviewee C believes in creating the necessary knowledge by themselves, in which the organisation offers a trainee programme to high school students to build relevant knowledge. To manage this type of acquisition of human resources through a trainee programme, interviewee C considers the requirement of planning and financial means, in which the size of the organisation remains a risk. The smaller the company, the higher the risk will be.

In considering options to acquire human resources, interviewee C highlights an internal process to acquire human resources. When external parties have been involved, interviewee C considers their difficulty in seeing “the little extra”. Prior to acquiring
human resources and advertising a position, interviewee C argues that it is necessary to identify what type of personal characteristics that the organisational team is missing and other specific areas necessary for a role. Along with outlining what the organisation needs, interviewee C highlights the need to establish where the organisation wants to develop, what type of competencies are present in the organisation and what competencies are necessary to add. Interviewee C believes that it is important to allow employees to do good and have ownership, which can facilitate development of new business areas.

“One employee enjoyed project management and suddenly we were selling projects for 11 million each year.”

Interviewee C highlights a realised change within the technology industry, in which organisations in this sector previously had a knowledge advantage. As the technology developed, this advantage changed in which there was a need to be more service-oriented. Interviewee C emphasises the importance of service and communication along with adding diverse and dynamic people that not only have competence within the area of technology, but also the service aspect. When reflecting on options to attract people to apply for roles within the organisation, interviewee C thinks that you need to send out the right signals.

“You should not forget that the biggest force of attraction to find other people, is that you have a great time at the job.”

According to interviewee C, creating a good working environment is key and has been the success factor in which the organisation works with a specific policy to create a good work environment. Furthermore, when interviewee C reflects upon how the organisation works to achieve this, it is important to work with leaders that know that they are a support to the organisation, making sure the people understand that the development of the organisation happens in the everyday work and allowing ownership and decision-making.

In addition to above mentioned ways of managing human resources in a growing organisation, interviewee C thinks it is important to know your market, analyse it and pay attention to changes to find the right people to your organisation. Some people are attracted to be a part of smaller organisations where you can be involved and therefore, interviewee C thinks it is important to utilise channels where those people are available. In the end, calculating and forecasting are important aspects to manage to facilitate acquisition of human resources.

5.4.3 Integrating Human Resources

When reflecting upon integration of human resources, interviewee C has experience in terms of using and developing onboarding programmes.

“The aim is to give the best opportunity for people to integrate efficiently into the organisation. The way this is done depends on the role, but we also have general guidelines.”

For the mentioned trainee programmes, interviewee C thinks it is important to establish a plan, which involves the purpose of how to effectively be integrated in the firm. When
integrating employees through onboarding, interviewee C believes that new employees should meet all functionalities and should get the experience of being part of the most important areas of the company - the service desk. Further, job descriptions are utilised and differs depending on the position. Interviewee C emphasises on the importance of having a structure to minimise confusion, especially when growing as an organisation. Additionally, as the company grows, interviewee C thinks routines become more and more prominent to not miss important aspects and enable employees to deliver high quality performance without being dependent upon others. Interviewee C thinks that the interesting part of small companies is that you have to use the internal knowledge first and when you do that, people grow. Allowing people to take responsibility in the integration process helps to develop the existing employees, meaning that people learn and grow from teaching other.

5.5 Interviewee D

5.5.1 Background & Growth Challenges

With university studies within industrial engineering and management, interviewee D is one of the founders of a consultancy company. In previous occupations, interviewee D had roles as business and sales manager at a technology company. As of today, interviewee D invests in SMEs within the technology industry, ranging from both new ventures to start-ups that currently employ 50 organisational members that experience rapid growth.

When reflecting on growth challenges, interviewee D highlights that there is always a deficiency of capable personnel. However, other challenges that interviewee D emphasises on that are often forgotten refers to business management:

“Business management, meaning how to lead and delegate the work and how to control it. That you don’t have time to or don’t have the ability to say: this is how the work should be done.”

Interviewee D emphasises that there are different challenges depending on the phase a business is in. Common growth challenges when becoming bigger, interviewee D considers as the inexistence of routines and formal documentation. When an organisation is only two to three members, there is no fun in implementing routines. Further, interviewee D argues that it is difficult to grow, and that growth slows down in companies when entering a certain level. In addition, interviewee reflects upon capital as a constant challenge, although emphasising that capital is not the same issue as 15 years ago.

“Today, it is more concerning personnel and competencies.”

Emphasising phases of growth when considering growth challenges, interviewee D argues that capital may be a constant challenge and deficiency. Later on, as a company may enter a phase where it is difficult to split resources and growing even more, expanding can lead to needing more sales people to give an example. After that, structures must be built and people that have the knowledge about writing routines and forms and setting up IT-systems are needed to rationalise. The latter is not necessarily needed in smaller companies as it does not save time, it is easier to just do things. Interviewee D
argues that organisational structures become relevant as the organisation encompasses 30-100 employees.

5.5.2 Acquiring Human Resources

When managing growth challenges, interviewee D highlights that it is important to have good problem-solving skills and being flexible but also to have the ability to get people onboard to achieve organisational goals. In the beginning of an organisation’s growth journey, interviewee D sees certain resources regarding personal characteristics as more valuable than others. In this regard, interviewee D highlights people that focus on the tasks and people that make things happen - doers. Early on, these characteristics assist in solving problems that arise and prevent potential issues. As an organisation grows, it becomes necessary to have people that reflect, that develop the most efficient processes and that create structures. To begin with in a growing organisation, interviewee D argues that the entrepreneur is responsible for acquiring human resources, in which more dedicated HR roles become important when an organisation reaches 30-50 members.

“At that point HR is everything, you have to have people who knows that you are bringing in the right people, people that share the organisation's values, understand the mission and purpose with everything.”

Interviewee D argues that HR is the single most important part when organisations are growing and that it is vital to have a scalable HR-model that defines how the company manage human resources when growing. The definition concern how the company manage acquisition of human resources, how to build teams, how to find talents and how to develop existing employees. Of all successful organisations that interviewee D has been involved in, there has been good HR. When reflecting upon acquiring human resources, interviewee D emphasises an HR-model which involves teams, size, and efficiency. When a team grows bigger than five people, interviewee D argues that one of the team members gets to create and recruit their own team to remain efficient. This is a way for individuals within the organisation to grow, take responsibility and pass on their competences.

When acquiring human resources in a growing organisation, interviewee D argues that it is important to build an employer brand that defines why the company is doing business. This aspect is important to continuously remind everyone within the company, since the outcomes of people not believing in the employer brand have a negative effect on outcomes of the company. Interviewee D describes one organisation currently involved in as a successful example where the founders have succeeded in creating a good reputation of the organisation.

“The organisation does not have any problems finding IT-people. Everyone else says that there are none - that is not really true. It depends on how long-term you have built the employer brand and how genuine it is.”

When reflecting on the acquiring process of human resources, interviewee D reflects that external knowledge is an option, since it can be difficult to find the right people. However, interviewee D highlights that the responsibility should never be outsourced. Additionally, it is important to have a commitment from the rest of the organisation in terms of why the organisation acquire people, what type of person the organisation
recruits, expectations from those individuals along with evaluating if they can work with their strengths.

Further, interviewee D highlights the use of competence-based selection when managing human resources with a focus on the specific details necessary for the role and then what type of person in terms of characteristics and personality. In addition, interviewee D suggests that economy plays a role when acquiring human resources in terms of calculating the economic value of the potential recruit. Interviewee D highlights an example of recruiting a developer or a salesperson, in which the organisations should acquire the one generating more money to the organisation:

“Growing and recruiting has to do with the want to make money in the end.”

5.5.3 Integrating Human Resources

Once the acquisition is completed, interviewee D believes that integration is vital and the area in which normally inhibits growth if the organisation has a suitable business model. When comparing needs of the examples of a developer and a sales person, interviewee D thinks it is important to create a good working environment. Interviewee D emphasises that the integration should be done in a split-second.

“The second the person signs the contract you have to show appreciation and give them a brochure about the company, basic information of how to navigate. During the first week you will only do one thing - get educated and get introductions. Then you have the motivation to come in and do a good job.”

In practice, interviewee D describes the integration process as starting off with some kind of introduction on practical issues and basic information that concern the role to enable the new employee to start being efficient within the organisation. Additionally, interviewee D thinks that working closely with the new people through mentorship are means to integrate human resources. Interviewee D considers that routines are suggested as the company grows towards 10-30 members, and definitely when reaching over 30 members. If a person enters an organisation where everything is very unstructured, and the person is not integrated in the role, interviewee D argues that the person will become passivated. The companies that interviewee D has experience working with and that has successfully integrated human resources have been well documented. When growing as an organisation and acquiring organisational members, interviewee D highlights the importance of not neglecting current employees and assure development options for existing human resources. Interviewee D means that if the organisation does not take care of current staff, people will leave.

5.6 Interviewee E

5.6.1 Background & Growth Challenges

After university, interviewee E started working at a global company working within branding. Later on, interviewee E was contacted and offered a job opportunity at a widely known technology company with a role within marketing. In addition, interviewee E has experience as a consultant for technology companies and seek to work with fast growing companies. Today, interviewee E works within a growing small technology organisation
that interviewee E says has doubled their employment growth each year since it started in 2014. Interviewee E’s role concerns developing premium services as well as the product organisation.

Challenges of working within growing small organisations, interviewee E concerns as competing with larger organisations, in which it is argued that the only solution to manage this challenge regards having higher growth than the larger counterparts. Moreover, interviewee E thinks it is necessary to be data-driven when the organisation grows fast in addition to having flexible individuals:

“People need to be open to work high and low and with that I mean that one day you work with strategies and the other day you order pens to the team.”

Interviewee E also highlights another growth challenge, in terms of a shortage of competencies with a special focus on developers. Although interviewee E reflects upon developers being one of the most dominant occupations in the local area, there is a lack of good and experienced people that bring a valuable culture with them. Along with the mentioned growth challenges, interviewee E argues that learning to onboard people fast is an issue. The issue regards the integration of individuals within an organisation in the sense of letting them start working and feeling that they contribute to the organisation. With the example of shortage of developers, this also contributes with a challenge for small firms in paying competitive salaries along with integrating people fast and finding people that bring a good culture.

5.6.2 Acquiring Human Resources

Interviewee E explains the importance of having a good working environment to manage to acquire the right type of people. When reflecting on how this can be done in practice, interviewee E mentions that the organisation should offer a work environment with challenges and enough independence for the people to deliver the goals that have been established. When facing growth challenges, interviewee E highlights the importance of human resources to manage them successfully.

“The ideas and passion of people, the most important aspect is that you as the company have a vision that you establish and then gather people with the competence and ideas to solve the challenges.”

Interviewee E reflects upon that there are certain people that are attracted to small technology companies since they have an urge to make an affect and feel that they are contributing to something. Interviewee E means that if companies have a vision that is interesting, you will find people that want to be a part of the journey. However, it is important that these people have a good understanding, attitude and are independent. Reflecting upon ways of identifying human resources, interviewee E argues that these individuals are mostly found through LinkedIn or through contacts in which people have worked with each other before. Interviewee E points out the significance of not acquiring human resources only because it is someone’s friend. It is still important to evaluate if this person fits with the organisational culture and has enough experience among other things.
Interviewee E reflects upon an often-encountered challenge in small firms that do not have an abundance of capital to acquire human resources and therefore contacts friends to take a position in the company, which seldom results in positive outcomes. In the organisation that interviewee E is currently positioned in, the company is competing with larger technology service firms, in which it is important to present the adventure that comes with working in a small growing organisation for potential recruits, what the role includes and why it is fun to attract human resources to the organisation.

Culture has an important role according to interviewee E who believes that the culture stems from an average of the founder(s) personality(ies). Culture determines how things are executed and how you interact with people. Reflecting upon the experience within the current organisation, interviewee E argues that the company is very data-driven, which stems from the organisational culture. To ensure acquisition of the right type of human resources, interviewee E thinks it is critical to interview people based on the culture to understand values. In interviewee E’s own opinion, the best start-ups recruit based upon culture:

“What they do is to look at the person’s ego, do they work well with others? What drives them?”

In interviewee E’s experience of acquiring human resources, the most important aspects to understand concern the potential recruit’s motivation and values. Interviewee E has a philosophy that it is possible to teach people a lot, but if the cultural aspect is not in alignment with the organisation’s, it will not work out. In the process of acquiring human resources, interviewee E argues that it is a good idea to have a dedicated HR person. However, the support system in relation to HR, interviewee E thinks is necessary first when the organisation reaches around 50 people. Interviewee E emphasises that if acquisition of human resources is based on culture and values, then dedicated HR is not relevant. Acquiring diverse human resources is necessary, in which interviewee E considers the risk of getting stuck in the same patterns of thinking, not being challenged and narrow perspectives. As an example, interviewee E reflects upon discrimination of older people when acquiring human resources. Interviewee E thinks that this type of discrimination is unfortunate as their experience and knowledge can reduce mistakes when small firms grow.

5.6.3 Integrating Human Resources

Once the acquisition process is completed, interviewee E thinks it is critical to allow new employees to deliver something within a short-term period, with an example of a period of one to three months. People need to feel that they are contributing with something of value to the organisation, which in turn allows for them to interact and integrate with colleagues, whilst at the same time learning about their business area.

“It is extremely important to give people a good chance. Do not give them too many introduction meetings, but enough to be sufficient.”

Considering onboarding, interviewee E considers that in the beginning, people have a lot of questions and it is important to facilitate answers by having someone that they can turn to for answers. Also, providing work documents, setting up technological aspects, explaining how things work at the organisation, and what products or services the
company offers are important aspects to have in the beginning when integrating human resources through onboarding. Although these aspects are important, interviewee E highlights the personal aspects when integrating human resources and emphasises informal channels to ask questions. Since people are different in their needs in various roles, it is difficult to know what kind of help people need. Therefore, interviewee E thinks it is important for managers to listen carefully to people’s strengths and weaknesses to understand their needs to be integrated within the organisation.

5.7 Interviewee F

5.7.1 Background & Growth Challenges

Starting off as a teenager, interviewee F has a long history of founding various types of ventures. In the last 25 years, interviewee F has focused on telecom and internet. In all previous occupations, interviewee F has been the founder and the Chief Executive Officer (CEO). Today, interviewee F is the founder of a telecom organisation that was created ten years ago. Interviewee F is responsible for several roles, namely: CEO, Chief Technology Officer (CTO), Chief Marketing Officer (CMO) and also for the majority of the Chief Financial Officer (CFO) role. Over the last two years, the organisation has been listed as one of Sweden’s 50 most fast-growing companies and on Europe’s 500 most fast-growing companies. Despite having limited amount of resources, interviewee F distinguishes that the organisation has managed to grow more than 2000% over a four-year-period.

When considering growth challenges, interviewee F highlights access to capital as the challenge that growing organisations encounter. Not only capital, but also that things take more time than forecasted when growing, which indicates problems with capital to last. Lacking capital resources when growing slows down the development of an organisation, as most resources facilitate to keep the organisation floating rather than developing the organisation to grow. Interviewee F argues that it is a constant challenge to put ideas on hold:

“We have now been in business for over a decennium, and we planned on being profitable after three years.”

Limits to capital is a tiring process when growing and interviewee F reflects upon the amount of people that drops off during such a journey when there is only enough capital for a couple of months ahead. Managing this type of growth challenge, interviewee F refers to forecasting at least six to 12 months ahead to be flexible in the short-term strategy to better align with changing environments and to not become surprised if the money runs out. Along with capital, interviewee F argues that human resources are another difficult growth challenge:

“It is really difficult to recruit people and it is really easy to recruit the wrong person.”

Interviewee F argues that acquiring human resources involve a lot of costs and that it remains a big risk factor for small firms. The challenge with human resources, interviewee F refers to being able to evaluate individuals. Interviewee F thinks it is necessary to acquire human resources that are different from oneself and that can complement oneself, whilst it at the same time is challenging to know whether the difference is good or bad.
In small firms where there is less room for mentoring, introduction programmes and helping others in comparison to larger organisations, interviewee F argues that it is difficult to make people engage and deliver:

“It is more like releasing people in a parachute into some sort of chaos and then they have to manage it in some way.”

5.7.2 Acquiring Human Resources

When managing growth challenges in terms of capital and human resources, interviewee F reflects upon managerial skills of building trust, being visionary about the future direction, and being honest and transparent. Furthermore, interviewee F argues that the team is important since investors tend to invest in team and the people within it rather than an idea or business plan. It is therefore important for an entrepreneur to build a dynamic team that can handle the different changes that occur and manage the challenges of the lack of capital:

“It is difficult finding people, recruiting and selecting. It is extremely time-consuming. The difficulty of the process of recruiting is that it requires a vast amount of time for interviewing, reviewing resumes and filter.”

Considering identification of what type of human resources that is required within the organisation, interviewee F believes comes from when people within the organisation must work a lot of overtime and not have the time to manage things in a good way. As an example, interviewee F reflects upon own experiences of working 90 hours with 40 hours regarding customer service and 50 hours regarding running the organisation. Interviewee F considers that when a company is growing, it can allow the management team to delegate roles and responsibilities to grant the management to focus on more strategic issues regarding the organisation.

When interviewee F reflects on diversity within the organisation, its importance is emphasised. Having the same view on ethics and morals is extremely important according to interviewee F. However, interviewee F believes that there are certain areas where people should not be different and that concern the areas of communication and values.

“I want people that can express themselves short and concise and who believes that text communication works perfectly fine and who are extremely honest and straightforward and prestigeless.”

Apart from the above-mentioned characteristics, interviewee F highlights that the organisational team should be as diverse as possible in terms of cultural background, competencies and introvert contra extrovert among others. The personal characteristics that interviewee F considers important to acquire when facing growth challenges refers to individuals that are self-sufficient, driven, honest, have good communication skills and that have the ability to understand the overview of the organisation. When considering seeing the overview, interviewee F emphasises that it is important for all roles to realise the customer value in what they are creating. Interviewee F believes that the more people that can see the general picture and how one can affect the customer experience, the easier it gets to make the right decisions for the organisation. The right type of recruiting process can assist in making sure these people are found and integrated in to company.
Interviewee F explains how processes of acquisition of human resources have been managed previously:

“In each phase we have reflected about - now we need this type of function. Then I have compared if we should do it in Sweden or India. In every case, the cost of doing it in India is a fourth or a fifth of the cost in Sweden. It is too expensive [in Sweden]. This has been solved by growing abroad to be competitive.”

Interviewee F discusses experiences of difficulties in terms of acquiring human resources, in which outsourcing was the option to solve this challenge. With experiences of not “going with the gut feeling”, interviewee F considers acquisition of human resources that has failed, although the competencies of an individual have aligned with what the organisation needed. Interviewee F suggests that it is a good idea to assess what type of companies that individuals have worked in before when acquiring human resources.

“If they have worked for large organisations and think that they can make a phone call whenever there is an issue, that can be a problem.”

Interviewee F argues that things work differently in small organisations, in which people must be dynamic enough to dig into problems and solve them on their own. Although outsourcing is the current solution to manage human resources, interviewee F considers more structured means of acquiring human resources through online tools. This type of tool enables organisational members to involve in the process of acquiring human resources through adding comments and move people through different stages of the process. Interviewee F considers that this makes the acquisition process more efficient and prevent losing good applicants in the process.

**5.7.3 Integrating Human Resources**

Interviewee F believes that when companies are growing, processes and structures become more relevant and recommends introduction programs for new employees and other types of documentation. When growing, interviewee F argues that the organisation should create processes and structures early on, since it will be more difficult to manage at a certain stage of growth without them. Along with these aspects, interviewee F considers routines as extremely important when integrating human resources:

“It prevents you from reinventing the wheel each month.”

Routines reduce time spent on communicating things multiple times and things rather happen automatically. Interviewee F has experience of creating documents outlining routines and processes, in which it is important to continuously revise the documents to allow people to focus on developing the organisation rather than wasting time. According to interviewee F, having routines concerning introduction of new employees become increasingly important when the role involves meeting customers:

“I believe it is extremely important to convey knowledge and the company service but also the soul of the company and how we want the organisation to be perceived.”

Interviewee F thinks that integration of human resources within the company should include to get an understanding of how the role and tasks connects with the overall picture
of the organisation and how it connects to the customer experience. Additionally, interviewee F emphasises on ensuring that new employees understand the company’s values, expectations concerning communication and provide hands-on activities as part of the introduction of human resources:

“The higher level of interactivity, the better the outcomes.”

When integrating human resources, interviewee F considers practical necessities in terms of spending time with people in which one will work with and that current employees share their existing knowledge. The integration process may differ depending on the role, therefore integration must be adjusted to different functional areas.

5.8 Interviewee G

5.8.1 Background & Growth Challenges

With an educational background in information systems and software engineering, interviewee G has work experience within various IT-companies with tasks relating to programming and consulting. For the last 20 years, interviewee G had different managerial roles with an example of Chief Information Officer (CIO), within both large and smaller IT-companies. As of today, interviewee G works within a technology organisation with the role as the Chief Operating Officer (COO) of the organisation.

When considering growth challenges, interviewee G emphasises that disconnections from the organisational culture can create challenges as firms grow. Interviewee G argues that it is important to stand by the culture and communicate what the organisation is there to do and be consistent in terms of how and why things are done within the organisation and ensure that people within the firm are onboard:

“We have very clear ideas of how we do things, why we do things, how we are thinking, how we behave towards each other. If you do not constantly work on those aspects, making sure that everyone understands it, not just reading it, but truly understand it, you are wasting time. It may be fine for one or two years, but overtime people will diverge and create their own idea of the reality and do things their own way. Conflicts will arise and that will show in the results. The intangible aspects around culture and values are extremely important for growing companies.”

Reflecting upon challenges within the whole technology industry, interviewee G highlights acquiring human resources. In this regard, interviewee G argues that there is a shortage of specific roles, especially developers, within Europe and the Nordics, in which is challenging as firms grow.

5.8.2 Acquiring Human Resources

To manage a growing organisation, interviewee G highlights the dependence of capable co-workers and the fact that it is important to be able to attract the right competence. In addition, interviewee G believes that it is important to be an attractive employer when acquiring human resources, but also when managing already existing human resources as an organisation grows.
When reflecting upon what type of characteristics that are important as small firms grow, interviewee G considers both already existing characteristics as well as traits important to acquire. In this regard, interviewee G considers being consistent in terms of what the organisation is there to do:

“You have to have done the homework about why we do the way we do, why we say what we are saying, why we want to be the way we are. And then, not going around and changing it all the time.”

According to interviewee G, the first signal of identifying a need for acquiring human resources refers to a void needed to be filled. At this stage, interviewee G considers the importance of culture and emphasises that acquisition of human resources should be based upon both finding someone who can do the job as well as fit the organisational culture. Interviewee G argues that individuals need to align with the culture, whilst at the same time giving room for a diverse group of individuals.

To fill the void and acquire the desired human resources, interviewee G again highlights the need of being an attractive employer by establishing a reputation, brand, word-of-mouth, and be present at the right places. In comparing small and large firms, interviewee G believes that the difference of attracting the right type of human resources does not differ, but that there are different advantages and disadvantages for the respective organisation. Interviewee G argues that with smaller companies, one attractive aspect is the small size itself and the opportunities for different tasks and responsibilities when growing, whilst larger companies can be perceived as safer and slower. What they have in common in this type of industry, interviewee G relates to the importance of having interesting work-related tasks with freedom to “think outside the box”.

Interviewee G considers the role of HR when growing and argues that HR should be a supportive function to the manager when acquiring human resources. Interviewee G highlights that the manager still has the responsibility to make sure that the right type of individual is acquired for a specific role. The manager should own the responsibility to make sure that the right person is selected for the role. Interviewee G argues that HR can be a great support in the recruiting process, doing certain steps to ensure acquisition of the right type of human resources. These steps can include follow-ups, contacting the potential employee, keep the conversation going and secure the quality.

5.8.3 Integrating Human Resources

Following the acquisition process, integration is important and interviewee G reflects upon the process as followed:

“I believe there are two things, one thing is that you get entrusted. You are as much worth as people that have worked within the company for 10 years. Here you have the keys and everything. You are in level with everyone else. You should not have to prove anything. The second thing is that you have valid tasks, not “fake” tasks. That you can get started fairly quickly and be a part of the organisation and contribute.”

Having routines when integrating human resources can be both positive and negative according to interviewee G. In this reflection, interviewee G means that you should not hide behind the routines and forget that you are working with individuals that need to feel
welcomed and not just “check off” a list. Furthermore, interviewee G highlights that there should be consistency throughout the integration process. Some key factors refer to having someone that works closely with new employees to facilitate their integration with the team and organisation and making sure that the fundamentals are established to ensure that new human resources can do a good job.
6. Analysis & Discussion

This chapter enclose an analysis and discussion that compares aspects in the findings of how small firms can manage human resources when growing. Furthermore, this chapter also compares the findings in relation to previous studies on the concepts human capital, absorptive capacity and dynamic capabilities.

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Purpose</th>
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<tr>
<td><em>How can small firms manage human resources when growing?</em></td>
<td><em>This study serves to create an understanding of how small firms that encounter growth challenges can manage human resources in order to develop necessary knowledge, skills, competence and experience whilst growing.</em></td>
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![Figure 2. Overview of the thematic analysis of the conceptual framework](image)

6.1 Growth challenges

As previously mentioned in the theoretical frame of reference, organisations encounter different growth challenges at different points in time which depends on the size and the age of the company. The growth challenges that became evident in the findings are outlined in Figure 2. It requires different responses from the management to manage the challenges (Phelps et al. 2007, p. 6-8). According to Phelps et al. (2007, p. 6-8), there are different challenges that are more salient depending on if the organisation is small or large. The majority of the findings highlight organisational growth as one of the most prominent growth challenges in terms of employees and that small companies often have the feeling of always being less than wanted. At the same time, the findings also suggest that it is important to find a balance when acquiring human resources to reduce the risk of becoming inefficient, which is challenging. Another organisational growth challenge when managing a growing organisation concerns moving from “allrounders” to more...
“specialised” roles. The findings show that another challenge whilst growing refers to keeping up with relevant and high competence in a dynamic industry and finding suitable individuals that are available and willing to work within the technology industry. The findings especially highlight the scarcity of developers within the technology industry. Along with above mentioned organisational growth challenges, the findings consider human resources as both a crucial and costly resource to manage. This implies that capital is needed to develop human resources beyond those already existing, in which Dobbs and Hamilton (2007, p. 306) also argue that financial means are needed to develop further resources.

In addition to the challenges mentioned above, the findings also consider growth challenges in terms of capital deficiency; competition from larger firms; business management (e.g. leading and delegating); culture in terms of it becoming more and more difficult to keep the organisation together as functionalities begins to form; and administrational aspects, such as not having routines and forms. Regarding capital deficiency, the findings highlight two aspects. On the one hand, some believe that capital is the biggest growth challenge and that it is more or less a constant challenge whilst growing. On the other hand, the findings highlight that capital deficiency was a more substantial challenges some years ago and that today, it is easier to obtain financial resources. However, the findings suggest that capital is a bigger challenge in the early phase of a company’s growth journey. The challenge of lacking capital concerns slowing down the development of the organisation since resources are utilised to keep the organisation floating. As the organisation grows, resources may be difficult to split and once the organisation reaches around 30-50 people, the challenge concerns building organisational structures.

6.1.1 Human Capital

To manage the growth challenges outlined above, the findings present certain necessary capabilities. These capabilities and characteristics concern flexibility and being change-oriented when the organisation grows. This complies with Brush et al. (2001, p. 76) suggesting the need to be flexible to maintain a relevant resource base whilst the firm develops. Along with flexibility and being change-oriented, the findings also support having a problem-solving mindset, being challenge-oriented, prestigeless and have the willingness to work within a team. The findings highlight managerial skills in terms of having the ability to get people onboard on ideas to achieve organisational goals. Again, Brush et al. (2001, p. 76) reflect upon persuasiveness and social adaptability in terms aligning with social situations, which connects to getting people onboard to achieve organisational goals. Additionally, the findings also consider the ability to build trust and providing a vision about future direction. In this sense, Brush et al. (2001, p. 76) consider the skill of expressiveness in terms aligning with social situations and of generating enthusiasm among others, in which managers should be able to provide a vision of the organisational goals. When managing growth challenges in terms of capital and growth in human resources, the findings suggest the importance of being able to organise dynamic teams that can manage various challenges as they arise, since it was argued that investors tend to invest in teams rather than business ideas.
6.2 PAC to Identify & Seize Opportunities

6.2.1 Sensitive to signals

To manage human resources when small firms grow, the findings show the importance of being sensitive to signals. There are various means to how a small firm can remain sensitive to signals. To begin with, the findings propose acquiring or delegating somebody with relevant knowledge a role to act upon HR-specific responsibilities such as acquiring personnel as well as being the “eyes and ears of the organisation” to detect stress within the organisation. This reflects upon Phelps et al. (2007, p. 8) argument that managers in growing organisations need to delegate responsibilities to manage and develop human resources to ensure performance when the firm grows. In this respect, the findings suggest that an HR-role is important already when the organisation encompass a few organisational members to manage employee inquiries when the firm is growing. Phelps et al. (2007, p. 8) suggest that small firms alike large organisations encounter similar HR concerns when the firm grows, which along with the findings indicate that HR matters even though the number of organisational members are few. The role of HR within small firms refer to a strategic partner to the manager along with its facilitating aspects of managing human resources of the growing firm.

On the other hand, the findings also show negative experiences to HR in terms of its facilitating role, in which the findings suggest that the management of human resources is the role of the manager in small firms. When the firm grows, the role of HR becomes more important to facilitate relevant processes to ensure human resource management. However, all respondents comply with the managers role in managing human resources, that is to be responsible for all aspects in terms of acquiring and integrating human resources within the organisation to ensure performance. Regarding being sensitive to signals, the findings suggest that managers need to listen to people within the organisation as well as creating an environment in which problems such as work overload can be properly identified. This reflects upon aspects in terms of PAC and activation triggers in which managers realise the need to acquire new knowledge (Zahra & George, 2002, p. 193), as well as aspects of DC in terms of identifying areas in which internal changes are necessary to comply with demands of a changing environment (Andreeva & Ritala, 2016, p. 245).

The findings enclose a variety of signals to take into consideration when managing human resources in a growing organisation, ranging from aspects of time, efficiency, and ownership. In terms of time, work overload was a recurring theme in which organisational members manage too many tasks making current structures inefficient. Debrulle and Maes (2014, p. 778) argue that this is a common feature in small firms, where a number of members encompass a wide range of tasks and responsibilities. Managing work overload, the findings suggest that cell-split is a way to delegate ownership of tasks from somebody encompassing too many tasks to stay efficient. From the managerial level in which the manager occupies strategic and administrative responsibilities, the findings further suggest that managers of small growing firms should delegate more administrative tasks for the manager to focus on strategic organisational development. Further suggestions of managing signals in terms of efficiency refer to team size. When a team grows bigger than five people, the findings suggests that the efficiency of the team often decrease, in which one can manage this through making one person in the team responsible for developing and recruiting a new team to make current structures more
efficient. This in turn implies delegating ownerships of tasks and responsibilities to pass on competence and to develop further competencies and skills relevant to remain efficient. Wright and Stigliani (2012, p. 12) reflect upon these aspects as the AC that enable firms to gather relevant team skills and competencies to facilitate a growing firm.

As implied above, to be sensitive to signals when managing human resources in a growing organisation, the findings refer to means of listening, communicating, interacting, cooperating within multidisciplinary teams, and evaluating options to understand necessary changes needed. These reflect on all concepts framed in previous literature, namely HC in terms of interaction and communication skills of the manager to realise opportunities in need of change (Backman et al., 2016, p. 30-33); PAC in terms of cross-functional interfaces, job rotation and connectedness to identify a gap for new knowledge (Jansen et al., 2005, 1001-1003); and DC in terms of information to flow freely to identify necessary changes (Teece, 2007, p. 1323-1324; Andreeva & Ritala, 2016, p. 245).

### 6.2.2 Specify requirements

After identifying an opportunity to change current structures to navigate beyond growth challenges, the findings support establishing a profile description in terms of what type of human resources that is needed to support a growing firm. How to establish a profile description refers to being able to specify what the organisation has and what it needs by evaluating existing competencies. This supports Brush et al. (2001, p. 74-75), Teece (2012, p. 1395) and Andreeva and Ritala (2016, p. 245) in terms of dedicating effort into evaluating what type of HC exists within the organisation and what the organisation needs to build in terms of resources that align with the changing environment within the firm. All respondents highlight intangible aspects of establishing requirements in terms of human resources that align with values and culture within the organisation and fit with already existing actors and activities within the organisation. This reflect upon Koryak et al. (2015, p. 96) arguing that the acquirement of resources need to complement, cospecialise, or relate to already existing resources as resources are only of value in combination with others.

Although values and culture need to align with the organisation and its actors, the findings support a need to develop a diverse resource base in terms of knowledge and competencies when growing. Also, the findings show that some competencies as outlined in chapter 6.1.1 such as flexibility and keeping the overview is important, in which individuals that are “doers” are more vital when the firm is only a handful of members, whilst more specialised types of personnel is important as the firm grows and becomes more structured. In accordance with Zahra and George (2002, p. 193), this imply that new knowledge and competence need to be complementary yet diverse to existing knowledge to enhance organisational performance. The risk of developing similar knowledge and competencies to what already exists refer to becoming narrow-minded, recurring results along with not getting an appropriate change to navigate beyond the encountered growth challenge. This reflects upon both PAC and DC in terms of path dependency, in which organisations that employ similar knowledge and competence to what already exists become narrow-minded, which often leads to predictable results (Zahra & George, 2002, p. 195; Debrulle & Maes, 2014, p. 778; Eisenhardt & Martin, 2000, p. 1114). Thereof, the findings suggest managing human resources through continuously being aware of and reflect upon current ways of doing things as well as having the courage to challenge current structures to improve organisational performance.
Above developing a profile description in terms of diverse knowledge and competence, the findings also suggest managing human resources in a growing organisation through forecasting. Forecasting short-term sales, customers, and other relevant measures for no longer than twelve months ahead help to establish financial resources in which the organisation have available in terms of investing in human resources. Both PAC and DC reflect upon the future direction or path in which the firm seek to strategically develop (Zahra and George, 2002, p. 189; Teece et al., 1997, p. 518; Teece, 2007, p. 1341). Therewith, the findings suggest forecasting, on the one hand, financial means in which the organisation can invest in human resources. To enable this, it is important to find a market for available human resources, which differs depending on the location of the firm. On the other hand, it is necessary to reflect upon gathering knowledge from an outside source rather than acquiring it to the firm, that is to outsource. When managing growth challenges in terms of capital, some findings support outsourcing management of human resources or online tools to manage human resources. However, the majority of the findings argue that management of human resources should remain in-house to assure that new organisational members align to organisational values, culture and mission.

6.2.3 Acquiring process

After realising a need for internal change along with specifying requirements in terms of what type of knowledge, competence and personal traits that the firm needs, the acquirement process refers to steps in which small firms can manage human resource acquisition. Although the findings show differences in terms of whether HR remains necessary as small firms grow, it is evident that the responsibility of acquiring the relevant type of human resources is that of the recruiting manager. The responsibility lays on the recruiting manager for several reasons, ranging from knowing what the organisation needs to navigate beyond growth challenges, along with knowledge of organisational activities and actors in which new recruits need to align with, as well as being the most influential party within a team. This regards what Cohen and Levinthal (1990, p. 128) consider as the AC of realising the value of external knowledge, acquire and implement it to enhance organisational performance. Also, Zahra and George (2002, p. 186) argue that this knowledge enable the firm to build DC in which the organisation can build resources to align with demands of changing environments.

Although it is the responsibility of the recruiting manager to acquire the relevant type of knowledge and competence to the firm, the findings support to involve other internal stakeholders to take part in the acquiring process. In those stances in which the findings support HR as part of a small organisation, the respondents argue that HR contributes to the acquiring process through a strategic role. In this strategic role, HR serves to assure an efficient recruitment process through proactive work both prior to and after a recruitment process. On the other hand, the findings also suggest that the manager of small firms often enclose the role of managing human resources as the firm grows beyond a certain size. In these stances, the acquiring process often encompass a number of other organisational members with knowledge of what the firm needs in the current situation. This implies that the hiring manager along with either an HR lead or relevant internal stakeholders to a given position are involved in the acquiring process, both in the process of establishing requirements as reflected upon above as well as throughout the remaining process. Jansen et al. (2005, p. 1009) reflected upon participation in decision-making when acquiring new knowledge, which support the findings of including relevant actors
in the process of acquiring human resources beyond what already exists. This is further supported by Koryak et al. (2015, p. 93-94 & 96) argument that collective HC enable the organisation to acquire resources that complement, cospecialise, or relate to existing resources to achieve organisational goals.

When managing human resources whilst growing, the findings suggest various internal and external acquiring processes. As implied throughout the findings, acquiring human resources is both costly and requires financial resources, takes time, and is also difficult in terms of finding capable individuals along with evaluating what is hiding behind an individual. The external option touched upon in the findings refers to outsourcing acquisition of human resources. In this way, the firm can utilise external knowledge to manage a variety of growth challenges involving human resources. In terms of recruiting individuals to the firm, an option referred to in the findings suggest using consultants in which know where and how to find individuals with relevant competence if this knowledge does not exist internally. Another option refers to outsourcing departments of the organisation to remain efficient. Examples drawn upon in the findings referred to outsourcing administrative departments as well as HR-functions. Reflecting upon PAC, this is a way for the firm to bring in external knowledge without acquiring human resources, rather acquire external knowledge and implement it within the firm to enhance performance (Cohen & Levinthal, 1990, p. 128). Phelps et al. (2007, p. 8 & 11) also reflect upon this issue in terms managing a variety of growth challenges in which the firm identify and exploit knowledge to navigate beyond the encountered challenge.

From an internal aspect, there are various means to manage human resource as the firm grows. To begin with, the majority of the findings highlight the need to make an effort in making the firm attractive to manage acquirement of human resources. In a highly competitive environment with a variety of large competitors oftentimes with financial resources to acquire the most competent individuals, the majority of the respondents reflect upon the need to sell the adventure that comes with small firm growth; offer interesting and challenging tasks; and creating a fun environment at work among other things. When managing this to attract human resources to the firm, it is also suggested the need of communicating what, why and how the organisation does what it does - that is more or less the mission of the firm. The managerial role is of importance, as their interaction with internal stakeholders and communication about organisational values and culture enable the organisation to become attractive for potential as well as existing human resources. Macpherson and Holt (2007, p. 178-179) and Brush et al. (2001, p. 76) reflect upon managerial HC in terms of creating culture along with social skills to generate enthusiasm among organisational members to support a growing organisation.

In addition to making the firm attractive, sources are important means to manage human resources in a growing organisation. Zahra and George (2002, p. 193), Macpherson et al. (2004, p. 164) and Koryak et al. (2015, p. 96) reflect upon external sources and networks in which an organisation can create channels to acquire its external knowledge. The findings suggest the need to find channels through which the company can advertise organisational positions, be visible and acquire human resources. Depending on the location of the organisation, there are various sources to manage human resource acquisition. Although the findings highlight the lack of individuals with relevant knowledge and competence, locations limited to overall human resources reflect on finding sources where knowledge is not fully developed, such as high school students. Cohen and Levinthal (1990, p. 130) reflect upon finding individuals with prior related
knowledge that need less time to learn for the firm to perform at a desired level. Although this is the case, when human resources are limited, the findings suggest that the organisation can acquire less trained individuals to develop their knowledge internally. Independent of location, networks are sources to acquire human resources. When managing human resource acquisition through networks, the findings reflect upon the need to wary path dependency to reduce the risk of competence-traps and get the same results, and instead acquire a diverse base of knowledge and competence to adhere to demands of a growing organisation. This reflects upon what Debrulle and Maes (2014, p. 778) and Zahra and George (2002, p. 195) discuss in terms of ways of avoiding failure traps. Various networks in which small firms can manage human resource acquisition refer to contacts and platforms (e.g. LinkedIn) among others.

After finding relevant sources, some recurring themes in terms of the process of acquiring human resources refer to various steps for the potential recruit to interact with relevant stakeholders. Depending on the role, it is important to connect the potential recruit with those individuals concerned with the position to assure that an individual fit with already existing members. Along with this, it is suggested that top management is involved in the process, either as a last step in the process or throughout the process to assure that the individual align with organisational goals, values and culture. This supports Jansen et al. (2005, p. 1001 & 1003) argument on cross-functional interfaces and connectedness to create communication across boundaries and authorisation to create a common understanding of business activities. Thereof, it is important to look beyond the skills that an individual bring to the organisation and focus on whether individual values align with that of the organisation. Also, the findings suggest considering previous occupations of individuals since their prior experience within different organisations can influence what type of culture they bring with them and how they work. Backman et al. (2016, p. 23) consider that it is vital to assess prior occupations and experiences as it can increase HC when small firms grow. Zahra and George (2002, p. 189), Teece (2007, p. 1326 & 1328) and Koryak et al. (2015, p. 96) argue that the speed and efficiency of acquiring knowledge and resources that fit with both existing resources and the current situation is important in changing environments, which the majority of the findings reflect upon the acquiring process as a costly and time-consuming process to find human resources with relevant knowledge, competence and values.

6.3 RAC to Integrate & Manage Opportunities

6.3.1 Onboarding

According to Hayton and Zahra (2005, p. 260) and Zahra and George (2002, p. 189-190), transformation is the most vital aspect when integrating current and new knowledge within the organisation. This is critical as it enables the company to develop a wider spectrum of perspectives, which then can assist in providing the organisation with more ways to direct its operations. When managing integration of human resources within growing organisations, the findings highlight the phenomena onboarding. Onboarding involves integration activities that should be utilised to transform and exploit the knowledge and capabilities within the organisation. The findings suggest that the aim of onboarding reflects in integrating human resources in the most efficient manner, in which the guidelines to onboarding differs depending on the role. The findings highlight that onboarding should involve communication of the organisational culture, values, mission and ambition to create a common understanding among organisational members. Teece
et al. (1997, p. 529) consider that integration of resources should include activities to enhance a common understanding of business activities. Koryak et al. (2015, p. 97) argue that integration of resources in accordance with organisational goals and activities enable the organisation to go beyond the individual level by considering the overarching organisation. In this sense, communication are means to integrate human resources to better understand business activities to reach common goals.

When integrating human resources through onboarding, the findings argue that the speed of integrating human resources is important to ensure effective integration and to utilise the acquired competencies to navigate beyond growth challenges. This regards what Macpherson et al. (2004, p. 174) and Eriksson (2014, p. 70) consider as means of exploiting the acquired competencies to make current structures more efficient. To manage integration of human resources through onboarding and to create a common understanding of the organisational culture, values and business activities, the findings suggest some recurring themes to communicate. Jansen et al. (2005, p. 1003) refer socialisation tactics to the creation of a “common language” through providing relevant information to new recruits, in which the findings consider the following aspects to be communicated:

- the structure of the organisation;
- what the key roles are;
- what it is that the company wants to achieve;
- how to be a good co-worker;
- what is expected;
- how customer value is created;
- and, formal information concerning the organisation.

When managing human resources through onboarding, the findings highlight routines as ways of integrating individuals within the organisation. Jansen et al. (2005, p. 1002) discuss formalisation as means of integrating knowledge and competencies, with a focus on procedures, rules and instructions for employees to understand tasks to perform efficiently. This applies to the findings that suggest that routines facilitate organisational members to move from being people dependent to independent, which is required as organisations grow and imply that routines become increasingly important as small firms grow. Thereof, small firms can manage integration of human resources through routines for new recruits to understand their tasks and how things are done within the organisation.

Routines in themselves might differ depending on what type of role is considered. The findings reflect upon routines in terms of, general, department, and individual onboarding. The findings suggest that general onboarding includes formal routines such as an introduction to the company, meeting the team and the departments that the recruit will work with. Department specific onboarding consists of routines that concerns the relevant department in which these routines may not apply to all types of positions or functionalities. Lastly, the findings relate the individual onboarding to the routines and activities that are suitable dependent on the specific person at hand, which is important to consider as individuals differ in their needs. To give an example, one individual might have all necessary skills and knowledge in a specific programme and thereof needs no introduction in this aspect, whilst another person may have less confidence within the programme and therefore needs introduction to it. As of this, the findings emphasise that the individual level of onboarding is crucial to ensure the most efficient transformation.
of knowledge within the organisation. Andreeva and Ritala (2016, p. 245) consider the ability to manage resources as means of implementing them successfully within the organisation. In this regard, the outlined onboarding aspects enable organisation to onboard individuals and integrate them within the organisation.

As outlined above, the different types of onboarding schemes above highlight interaction with relevant stakeholders and colleagues to get an understanding of the organisation, its actors and business activities. Jansen et al. (2005, p. 1007) consider cross-functional interfaces to link relevant personnel to create a common understanding. Eriksson (2014, p. 70) also highlights communication and interaction as means of integration to be able to spread both individual and organisational knowledge to new members to integrate human resources with both actors and activities within the firm. As of this, the findings suggest managing integration of human resources through interaction with others, in which Koryak et al. (2015, p. 97) consider the importance of involving other people to better exploit the new knowledge and integrate it with already existing competencies to either align or extend them.

One way of integrating human resources through interaction relates to trainee programmes, where the organisation integrates new people through educating and creating knowledge internally. Another options refers to mentorship. Mentorship through having someone alongside whilst being onboarded in the organisation enable new recruits to ask questions and get them answered as they arise. The findings also argue that mentorship facilitates a faster understanding of the organisational culture, values, mission and aids in creating the right type of mindset. By allowing a form of mentorship to integrate human resources, it can create trust, cooperation and integration with the team and enhance a common understanding throughout the organisation as suggested by Jansen et al. (2005, p. 1003).

Zahra and George (2002, p. 190) consider exploitation as means of developing, broadening and creating competencies by incorporating new knowledge, in which Jansen et al. (2005, p. 1003 & 1008) consider formalisation, connectedness and socialisation as means to exploit knowledge. To manage human resources and enable exploitation of their knowledge, the findings suggest that it is important to allow people to “get to work” quickly. To manage to get people to work, the above-mentioned routines help, as well as providing new recruits with a relevant task in which they can start producing, contributing and feeling a sense of belongingness within the organisation. The findings suggest that this enable people to connect with relevant individuals that in turn can facilitate in welcoming the recruit. Relevant tasks should be interesting and can facilitate fast exploitation of knowledge, which is necessary when growing. Also, interesting tasks can elevate the attraction of the organisation already when acquiring human resources. Along with this, “learning on the job” creates means to learn and integrate human resources to exploit the knowledge as a resource within the organisation. Macpherson et al. (2004, p. 174) and Eriksson (2014, p. 20) consider interaction and collaboration as means to integrate resources efficiently, which applies to the findings outlined above.
7. Concluding Chapter

This concluding chapter revisits the research question and purpose along with a presentation theoretical and practical implications. Furthermore, the limitations of the study and future research is presented, followed by truth criteria and social implications of our study.

7.1 Conclusion

The purpose of this study served to create an understanding of how small firms that encounter growth challenges can manage human resources to develop necessary knowledge, skills, competence and experience whilst growing. A deductive approach with inductive elements when analysing the findings served as a foundation for our qualitative study, in which the results build upon semi-structured interviews with experienced actors within growing small firms to answer the research question:

How can small firms manage human resources when growing?

The concepts human capital, absorptive capacity and dynamic capabilities formed a conceptual framework (see Figure 1). Human capital served as a basis to understand relevant skills, knowledge, competencies, experiences and backgrounds necessary as an organisation grows. Along with this, absorptive capacity outlined processes in which an organisation identify the value to acquire, assimilate, transform and exploit external knowledge to build dynamic capabilities, which in turn refers to building and rebuilding resources in changing environments. These concepts along with the findings and analysis helped to answer the research question and purpose as outlined below.

Throughout the analysis, some themes recurred in terms of how small firms can manage human resources, namely: sensitive to signals, specifying requirements, acquiring processes, and onboarding. How to manage human resources through being sensitive to signals refer to communicating and interacting with relevant stakeholders to identify areas in need of new knowledge and competence to remain efficient. To specify requirements, it is necessary to develop a profile description of what type of diverse knowledge and competence that is needed to manage encountered growth challenges. Further, to specify requirements, forecasting is a tool to manage human resources in alignment with the future direction and available resources of the organisation. For the acquiring process, the responsible recruiting manager along with relevant internal stakeholders and/or external sources manage human resources by attracting and acquiring relevant and diverse competence and knowledge as the firm grows. To successfully manage the acquiring process, this study concludes that culture is important to define, communicate both internally and externally, and to acquire human resources based upon culture. When managing integration of human resources, the findings of our study emphasise the importance of speed when integrating human resources. Our study concludes that onboarding facilitates fast integration of human resources through activities in which the organisation efficiently transforms and exploit knowledge through communication, routines and mentorship among others.
Our study focused on processes of how small firms can manage human resources when growing and culture and mission were emphasised as the most crucial aspects throughout these processes. Our study concludes that the organisational culture and mission should serve as a basis for all processes when managing human resources in a growing organisation. Proactive work of defining and communicating the culture and the mission enable small organisations to acquire and integrate human resources in alignment with organisational culture and values when growing. Although it is important to base processes of managing human resources on culture and mission, our study concludes the need to be aware and question existing processes to respond to challenges in changing environments.

In addition, our study concludes that the recruiting manager is responsible for managing human resources when small firms grow. In this regard, the recruiting manager manages human resources in collaboration with relevant internal or external stakeholders. As found that financial resources are means to manage human resources, our study concludes that small firms can manage human resources efficiently through being an attractive firm by sending signals that the firm is an attractive workplace with interesting tasks and possibilities grow. To enable this, our study found that it is important to define the firm’s market for human resources and sources to attract and acquire individuals to the firm. Due to the costs of managing human resources, these ways can help small firms to use their financial means in a more efficient manner.

7.2 Theoretical Contributions

It has been widely considered that research often neglects a focus on internal processes within growing firms to understand how firms manage acquisition and coordination of resources (McKelvie & Wiklund, 2010; Wright & Stigliani, 2012). In this regard, our study contributes with a process-based approach through our application of absorptive capacity to build dynamic capabilities that enable an organisation to manage acquisition and integration of human resources, in which human capital plays a key role throughout the entire process. Previous research pays much attention on measures to growth, in which our study provide means to better understand internal processes that firms undertake to manage an increasingly larger firm.

Previous research on human capital and absorptive capacity requested a need to develop an understanding of management practices that develop and maintain human capital to better grasp the practicality of managing a wider range of skills and human resources (Phelps et al., 2007; Debrulle & Maes, 2014). Our study contributes with this theoretical understanding through extending the value of human capital throughout the processes of managing human resources in a growing organisation. Previous research often reflects upon the need to acquire diverse and complementary knowledge to what already exists within an organisation. Although our study supports this argument, the findings suggest looking beyond individual competence and focus on managing human resources through means of culture, values and personal characteristics to acquire and integrate human resources that align with organisational culture and values. As of this, our study extends existing research on human capital in combination with absorptive capacity through understanding that culture and personal characteristics serve as a foundation during the process of managing a wider range of skills and competences when growing.
In extension to above mentioned contributions, our study extends existing knowledge on dynamic capabilities not only in terms of developing Zahra and George’s (2002) distinction of absorptive capacity as a basis for dynamic capability when managing human resources, but also in terms of developing an understanding for the managerial role during this process. Andreeva and Ritala (2016), Eriksson (2014), and Koryak et al. (2015) reflect upon the need to focus on the manager’s role and the practicality of the process of building resources in changing environments. The findings reveal that managers play a key role prior, during and after the process of managing human resources to assure that resources align with the current situation faced by an organisation. Although processes in themselves are crucial to enable management of human resources when the firm grows, our study extend current research on the value of managerial practices throughout the process to enable the organisation to strive in the desired direction.

7.3 Practical Implications

Although this study focuses on growing small firms, the practical implications may not apply to the smallest types of firms (e.g. micro-firms) due to time constraints and limited resources in those type of firms. For small firms with the capacity to allocate time and resources to manage human resources, our study provides processes in terms of how firms can manage human resources to better meet demands of a growing organisation. These findings are important for firms to remain efficient and also means to survive in a market signified by competitive forces from larger counterparts with financial resources to outcompete less established organisations.

Our study also provides practical implications in terms of highlighting different roles and responsibilities of various actors within in a growing firm, especially in terms of the roles and responsibilities of the manager and potential HR-leads in growing organisations. Whether an organisation face challenges in terms of lacking capital or organisational constraints in terms of knowledge and competence, our study highlights the recruiting manager to take responsibility of managing human resources to assure that the organisation directs its operation in the direction of set goals and missions. For small firms with capital constraints, our study facilitates to create an understanding for managers of firms in similar settings to realise the value of teams for investors as well as alternative solutions for managing human resources. Altogether, our study contributes with practical tools and an understanding of the manager’s role in a growing organisation.

7.4 Societal Implications

The findings and conclusions from our study consider some societal implications that does not only apply to organisations managing human resources, but also a wider spectrum in the society. As developed nations move towards more technology, knowledge, and service-based ways of working, Gnyawali and Offstein (2008) consider that the importance of human capital increases. The authors argue that organisations that can manage human capital in an efficient manner are more likely to succeed and compete in knowledge-dependent markets. The contributions made through our study in terms of processes in which firms can manage human resource whilst growing can enable more firms to remain and survive in competitive markets, which in turn contributes to economic growth. Along with this, these practical processes outlined in our study can help to create job opportunities in the society if firms better understand how they can manage human
resources when facing growth challenges. The study contributes with aspects in which firms should ensure that the firm is an attractive and fun place to work within, which in turn ensures wellness of the human capital to thrive and stay within an organisation.

7.5 Limitations and Future Research

A limitation to our study concerns focusing on management of human resources alone. Although our study pertains an aim to understand how small firms can manage human resources whilst growing, it is important to consider the interaction between various resources (e.g. financial) to understand underlying factors that can enable management of human resources, which in its essence refer to both time and financial costs for an organisation. With a focus on processes to manage human resources, our study did not focus on aspects such as culture and values which was found to play an integral part in the processes of managing human resources. By directing focus on firms operating within services, it is possible that the findings are somewhat limited to firms dedicated to close customer relationships, rather than organisations explicitly working with products. With emphasis on the managerial perspective of managing human resources, this neglects the employee perspective of the process of managing human resources as well as the potential for knowledge and competence to be integrated within a firm through other means than acquiring human resources. These aspects shed light on interesting areas for future research as outlined below:

- **Managing human resources to enable growth**
  Our study focuses the research question on how organisations can manage human resources *when* growing. An idea for future research would be to extend our contribution by focusing on how management of human resources can *enable* growth.

- **Knowledge acquired through other sources than human resources**
  As our study focuses on acquiring external knowledge in the terms of acquiring human resources with relevant knowledge, it would be interesting to focus on how firms acquire external knowledge through other means than human resources, such as networks and integrating with stakeholders to acquire desired knowledge. In smaller companies, it is not unusual to gain knowledge without having to acquire new human resources.

- **Relationship between resources**
  The relationship between resources when firms grow is important to consider. Therefore, we suggest investigating the relationship between the different resources that are necessary when organisations are growing, for example the relationship between human resources and capital to better understand how firms can manage growth.

- **The value of culture when managing human resources**
  The findings highlighted culture as an underlying factor when managing human resource processes. With a focus on processes in our study, it would be interesting to extend existing research on culture in terms of the value of culture when managing human resources in growing organisations.
● How to create and maintain a sustainable organisational culture
Another interesting area concerning culture would be to investigate how organisations can create and maintain a sustainable organisational culture to manage growth challenges. This could result in more practical implications for managers and how they can build a culture that can enable further growth.

● Why and when HR?
The findings in our study found different opinions about the importance of HR and when HR becomes important as firms grow. Therefore, we suggest investigating it further by establishing why and when the role of HR becomes important.

● What makes a good HR support?
The findings in our study highlight HR as an important support when small firms grow, especially when an HR lead have general managerial experience. It would be interesting to make further research in terms of what makes a good HR lead to support a growing organisation.

7.6 Truth Criteria
To evaluate the quality of our study, Lincoln and Guba’s (1985, cited in Bryman & Bell, 2015, p. 400-403) truth criterion for qualitative studies in terms of trustworthiness and authenticity have been considered. Trustworthiness involve four criteria, namely: credibility, transferability, dependability and confirmability. Authenticity considers fairness, ontological authenticity, educative authenticity, catalytic authenticity and tactical authenticity, all of which will be discussed below.

7.6.1 Trustworthiness
Credibility of the research considers the rules of good practice and making sure that the findings are interpreted in a correct way (Bryman & Bell, 2015, p. 401). For this study, credibility has been respected by notifying the respondents that the interviews were recorded to ensure a credible and truthful view of the findings and to provide a credible analysis. Both of us researchers have been present during all the interviews and the combined experiences gained from the interviews assisted in creating an understanding of the respondents’ answers and to present an accurate view of the findings. The recordings and transcriptions have been listened to and read through multiple times to confirm that the right information has been presented. Transferability can be difficult within qualitative study as the findings are commonly contextual and unique for specific situations (Bryman & Bell, 2015, p. 402). However, since our study regards growth challenges and human resources, the findings are not exclusive only to the technology industry. Therefore, the level of transferability can be assessed as high as it could be transferred to other industries that depend on human resources.

The criterion of dependability has been fulfilled throughout the study as the different parts of the research process and choices have been clearly argued for and explained (Bryman & Bell, 2015, p. 403). Moreover, the theories that have been utilised have been reviewed critically to ensure trustworthiness. In support of critically reviewing articles, our study has only used peer-reviewed articles. Apart from us researchers, the choices made have been reviewed and criticised by our supervisor to assure a qualitative study. The last
criterion of trustworthiness considers confirmability and relates to the objectivity within the research (Bryman & Bell, 2015, p. 403). Throughout the research process, we have had an objective perspective to the extent possible to minimise the risk of personal values affecting the research process and the findings derived from the data collection, and thereof respected the conformability criteria.

7.6.2 Authenticity

Authenticity and the underlying criteria of fairness, ontological authenticity, educative authenticity, catalytic authenticity and tactical authenticity concern more general questions regarding the impact of the research (Bryman & Bell, 2015, p. 403). The criterion of fairness reflects upon a fair representation of various viewpoints (Bryman & Bell, 2015, p. 403), by which our study fulfils this criterion with a focus from a managerial perspective, where the interviewees have either had previous experience of being a manager and/or is currently working within such a role. With this focus, our study presents the view of the chosen managerial perspective to produce fairness within the research (Bryman & Bell, 2015, p. 403). Moreover, the study presents differences in views on the covered topics and different perceptions of growth challenges that reflect upon the respondent’s answers. Throughout the interviews, the respondents had the opportunity to reflect upon their methods of managing growth challenges by talking about their experiences. Additionally, after the interviews, some of the respondents expressed having gained new ideas that they wanted to explore further and thus, this study achieves the criteria of ontological authenticity, which regards whether the members can gain a greater understanding of their social reality through the research (Bryman & Bell, 2015, p. 403).

Educative authenticity considers whether our research enable respondents to better understand other actors within the organisations (Bryman & Bell, 2015, p. 403). As such, our study achieved this criterion through discussing and highlighting the importance of human resources and how people together create the organisation. Since the study focuses on gaining an understanding of how the processes of managing human resources can work in practice with the respondents’ experiences as a basis, our research provides practical guidelines of actors with experience of managing human resources in growing organisations. Therefore, our study conforms with the criterion of catalytic authenticity that considers motivations to change current situations (Bryman & Bell, 2015, p. 403), by which our study can make other managers in small organisations to engage in actions that can change their destiny based on the practical processes provided in our research. The last criterion refers to tactical authenticity and considers enabling actors to take steps to engage in action (Bryman & Bell, 2015, p. 403). Based on the practicality of our study, managers in small organisations can engage in actions that are necessary to take certain steps to successfully manage human resources when facing growth challenges. Our study therefore complies with the tactical authenticity criteria by offering information on processes that allow managers to engage in action when managing growth challenges.
References


Appendix 1 – Codes for the Interview Guide

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HC</td>
<td>Human Capital</td>
</tr>
<tr>
<td>AC</td>
<td>Absorptive Capacity</td>
</tr>
<tr>
<td>PAC</td>
<td>Potential Absorptive Capacity</td>
</tr>
<tr>
<td>RAC</td>
<td>Realised Absorptive Capacity</td>
</tr>
<tr>
<td>DC</td>
<td>Dynamic Capabilities</td>
</tr>
</tbody>
</table>

Appendix 2 – Interview Guide in English

<table>
<thead>
<tr>
<th>Interview questions</th>
<th>Codification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Introduction</strong></td>
<td></td>
</tr>
<tr>
<td>To begin with, can you please tell us about your educational background and work experience?</td>
<td></td>
</tr>
<tr>
<td>What type of companies, industries, roles etc.</td>
<td></td>
</tr>
<tr>
<td>What is your role today?</td>
<td></td>
</tr>
<tr>
<td><strong>Human capital, absorptive capacity, dynamic capabilities</strong></td>
<td></td>
</tr>
<tr>
<td>What do you consider as growth challenges?</td>
<td>AC, DC</td>
</tr>
<tr>
<td>Please tell us about your experience of growth challenges?</td>
<td></td>
</tr>
<tr>
<td>What was perceived as problematic?</td>
<td></td>
</tr>
<tr>
<td>Was anything missing in order to solve the problems?</td>
<td></td>
</tr>
<tr>
<td>How were these growth challenges managed?</td>
<td>AC, DC</td>
</tr>
<tr>
<td>Can you describe the process, please?</td>
<td></td>
</tr>
<tr>
<td>Can you describe the steps, please?</td>
<td></td>
</tr>
<tr>
<td>Based in your experience, what type of characteristics do you consider important when small companies manage growth challenges?</td>
<td>HC</td>
</tr>
<tr>
<td>E.g. competencies, backgrounds, experience, and knowledge</td>
<td></td>
</tr>
<tr>
<td>Please elaborate, why?</td>
<td></td>
</tr>
<tr>
<td>Which resources do you consider important when managing growth challenges?</td>
<td>DC</td>
</tr>
<tr>
<td>E.g. physical, technological, HR, financial resources</td>
<td></td>
</tr>
<tr>
<td>Can you please elaborate, why?</td>
<td></td>
</tr>
<tr>
<td>Do you consider that human resources support management of growth challenges?</td>
<td>AC, HC, PAC, DC</td>
</tr>
<tr>
<td>If yes, please elaborate why and how this help to manage growth.</td>
<td></td>
</tr>
<tr>
<td>What types of human resources do you consider enable organisational growth?</td>
<td>AC, HC, PAC, DC</td>
</tr>
<tr>
<td>E.g. complementary knowledge to already existing knowledge.</td>
<td></td>
</tr>
<tr>
<td>Based on your experience, how do you manage to acquire human resources in a growing organisation?</td>
<td>AC, PAC, DC</td>
</tr>
</tbody>
</table>
Can you please describe your experience of integrating human resources?  
*If it depends - can you please give some examples on how it may differ?*  
AC, RAC, DC

What is your perception of routines to integrate human resources?  
*Please describe and elaborate.*  
AC, RAC, DC

Do you see any constraints to acquire human resources when organisations grow?  
*How do you manage this?*  
DC, HC, AC

What enables growing companies to acquire human resources?  
*E.g. Investments, networks etc.*  
DC, HC, AC

**Concluding remarks**

Are there any questions that we have not asked that you consider especially important when managing human resources in growing organisations?  
HC, AC, DC, PAC, RAC

If we need to complement any information, may we contact you again?  

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**Appendix 3 – Interview Guide in Swedish**

<table>
<thead>
<tr>
<th>Intervjuguide</th>
<th>Kodning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Introduktion</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Till att börja med, kan ni berätta om er utbildningsbakgrund och arbetslivserfarenhet?  
*Vilka typer av företag, industrier, roller osv.* | |
| Vad har ni för roll idag? | |
| **Human capital, absorptive capacity, dynamic capabilities** | |
| Vad anser ni är tillväxtproblem? | |
| Kan ni berätta om er erfarenhet kring tillväxtproblem?  
Vad upplevdes problematiskt?  
Var det något som saknades för att lösa problematiken? | AC, DC |
| Hur hanterades dessa tillväxtproblem?  
*Kan ni beskriva hur ni gick tillväga för att lösa dessa problem?* | AC, DC |
| Baserat på dina erfarenheter, vilka egenskaper anser du vara viktiga när små företag hanterar tillväxtproblem?  
*Exempelvis kompetenser, bakgrunder, erfarenheter och kunskaper*
Utveckla gärna, varför? | HC |
| Vilka resurser anser ni är viktiga för att hantera tillväxtproblem? | DC |
(När inte) Exempelvis fysiska, teknologiska, HR, finansiella resurser  
**Kan ni utveckla varför?**

<table>
<thead>
<tr>
<th>Fråga</th>
<th>Alternativa svarets kategorier</th>
</tr>
</thead>
</table>
| Anser ni att HR hjälper att hantera tillväxtproblem?  
*Om ja, utveckla varför och hur detta hjälper att hantera tillväxt.* | AC, HC, PAC, DC |
| Vilka typer av HR anser ni möjliggör tillväxt i företaget?  
*Exempelvis, kompletterande mot för vad som redan finns?* | AC, HC, PAC, DC |
| Utifrån din erfarenhet, hur hanterar man att ta in HR i växande företag? | AC, PAC, DC |
| Kan ni beskriva er erfarenhet av att integrera nyanställda?  
*Om svaret är, det beror på person - kan du vara snäll att ge exempel på hur det kan skilja sig?* | AC, RAC, DC |
| Hur ser ni på rutiner för att integrera nyanställda?  
*Beskriv och utveckla.* | AC, RAC, DC |
| Anser ni att det finns hinder att ta in HR när företag växer?  
*På vilket sätt?  
Hur hanterar man detta?* | DC, HC, AC |
| Vad möjliggör att växande företag kan ta in HR i företaget? | DC, HC, AC |

**Avslutningsvis**

<table>
<thead>
<tr>
<th>Fråga</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Är det något vi glömt att fråga som ni anser vara viktigt för att förstå och hantera HR när företag växer?</td>
<td>HC, AC, DC, PAC, RAC</td>
</tr>
<tr>
<td>Om vi behöver komplettera någon information, kan vi kontakta er igen?</td>
<td></td>
</tr>
</tbody>
</table>