

**ARE START-UPS AWARE OF THE IMPORTANCE OF
HUMAN RESOURCE MANAGEMENT?**

Catarina Macedo Ciríaco

Master Dissertation submitted as partial requirement for the conferral of

Master of Science in Business Administration

Supervisor:

MSc. Alzira Duarte, ISCTE Business School, Human Resources and Organizational
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- Spine -

You should not say: “That is none of my business”.

Giuseppe Allamano

Abstract

Human Resource Management (HRM) is acknowledged as being a key issue regarding firm's success and competitiveness. Taking into account the Portuguese business sector, it is increasing the role that start-ups play in terms of wealth and employing creation, energizing so the economy. This fact makes start-ups companies an interesting universe to be related to HRM. In this sense, from the literature review that covered Entrepreneurship, Start-ups and HRM issues emerged three main research questions. To address those research questions were developed a multi case study with three Portuguese start-ups to discover if HRM importance is recognized by them.

The main conclusion is that start-ups tend to consider HRM as an important management function, which is intended to be aligned with the business strategy. HRM integration in start-ups tends to occur as a natural process, being the formalization of HRM function more common in its initial phases of development. This way, start-ups participants assign three main reasons to implement HRM like *Growth*, *Need for Centralize* and *Detect and Prevent Problems*. Also, was appointed as the main HRM advantage the opportunity to *Reduce Managers and Founders Workload*. HRM Risks and Obstacles are not highly valued by start-ups. Regarding the formalization of HRM it tends to be related to the number of years of activity. Moreover, start-ups prefer to develop HRM practices related to growth issues, such as *Recruitment and Selection* and to relational issues, namely *Training and Development of the Potential*, *Leadership*, *Internal Communication* and *Integration and Socialization*.

Keywords: Entrepreneurship; Start-ups; Human Resource Management; Human Resource Management Practices.

JEL Classification System: M13 New Firms • Startups
M12 Personnel Management • Executives; Executive
Compensation

Resumo

A Gestão de Recursos Humanos (GRH) é reconhecida como uma questão fundamental relativamente ao sucesso e competitividade das empresas. Tendo em conta o tecido empresarial português, é crescente o papel que as *start-ups* desempenham em termos de criação de riqueza e emprego, energizando assim a economia. Este facto faz com que as *start-ups* sejam um universo interessante a ser relacionado com a GRH. Neste sentido, a partir da revisão de literatura que cobriu os temas Empreendedorismo, *Start-ups* e GRH emergiram três grandes questões de investigação. Por forma a abordar estas questões de investigação foi desenvolvido um estudo multi-caso com três *start-ups* portuguesas para descobrir se estas reconhecem a importância da GRH.

A principal conclusão é a de que as *start-ups* tendem a considerar a GRH como uma função de gestão importante, que se pretende que esteja alinhada com a estratégia do negócio. A integração da GRH tende a ocorrer como um processo natural, sendo a formalização da função da GRH mais comum nas fases iniciais de desenvolvimento. Deste modo, as *start-ups* participantes atribuem algumas razões para implementar a GRH como *Crescimento*, *Necessidade de Centralizar* e *Detetar e Prevenir Problemas*. Igualmente, foi apontada como principal vantagem da GRH a oportunidade de *Reduzir a Quantidade de Trabalho dos Managers e Fundadores*. Os riscos e obstáculos da GRH não são muito valorizados pelas *start-ups*. Em relação à formalização da GRH esta tende a estar relacionada com o número de anos de atividade. Além disso, as *start-ups* preferem desenvolver práticas de GRH relacionadas com crescimento, tal como o *Recrutamento e Seleção* e com questões relacionais, nomeadamente *Formação e Desenvolvimento do Potencial*, *Liderança*, *Comunicação Interna* e *Integração e Socialização*.

Palavras-chave: Empreendedorismo; *Start-ups*; Gestão de Recursos Humanos; Práticas de Gestão de Recursos Humanos.

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Glossary

CSP – Case Study Protocol

HRM – Human Resource Management

SHRM – Strategic Human Resource Management

SPEC - Stanford Project on Emerging Companies

USA – United States of America

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1. Introduction

The word change has taken, in recent times, a large relevance for people, but also for companies. Strong competition and globalization make circumstances change very quickly. In this sense, start-ups are considered as the best companies to deal with this environment, since they have structures prepared to change and to be flexible, and consequently to have a great responsiveness to the market (Burns, 2011). Additionally, HRM is a crucial factor to the success of firms (Dal Zotto & Gustafsson, 2008), specially to ensure the sustainable and successful growth (Keating & Olivares, 2007).

Taking this into account, further research is needed about HRM in start-ups. The multidisciplinary of both areas makes that there is a scarce literature able to relate HRM in the establishment or founding phase of firms, which results in widespread disinterest about the management of people in the entrepreneurial literature (Keating & Olivares, 2007). Also, Dabic, Ortiz-De-Urbina-Criado and Romero-Martínez (2011) state that the little literature published that combines HRM and entrepreneurship has been publishes since 2000. Those studies tend to be more empirical, than theoretical and a case study research is the most used analytical technique (Dabic *et al.*, 2011). Additionally, Batt (2007) highlight that in order to achieve a successful organizational performance, it is relevant to take into account the alignment between the business strategy and the HRM strategy, which reinforce the relevance of Strategic Human Resource Management (SHRM).

In this sense, although studding large companies is easier to access information related to the managing of people (Keating & Olivares, 2007; Dabic *et al.*, 2011), entrepreneurial firms, such as start-ups, deserve our attention because they are transforming and challenging the Portuguese business sector. Burns (2011) points out that the focus of study changed from large to small companies and that those companies require a different approach. A start-up is a “human institution designed to create a new product or service under conditions of extreme uncertainty” (Ries, 2011:27), that is its initial stage of business life-cycle. This way, as small firms that operate in uncertain environments, that want to grow because of the product or service potential to be scalable (Blank, 2010), it is an interesting scope of analysis for this study.

In accordance with the data of Informa D&B (2013) 30,481 enterprises are formed on average each year in Portugal and 18,800 are start-ups. Another pertinent conclusion is

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about the survival of these companies, the mortality rate of those companies decreases as the years of activity increase, being at the final of the third year 50%, and at the fifth around 40%. Incubators assume a preponderant role fostering entrepreneurship and increasing their survival, providing to start-ups services that will reduce their costs in their initial phase of activity and advisory in some themes. Only in Lisbon, there are 11 incubators that shelter around 200 start-ups and 800 workplaces. Those numbers contribute to the impact of start-ups on the Portuguese economy, being responsible for 6,5% of the Portuguese business sector and for 18% of the job creation each year. Thus, start-ups companies are an attractive target to this study. Not only because of the increasing number of start-ups and its contribution to the Portuguese economy, but also because this study will generate valuable contents that are useful to start-ups that are dealing with HRM issues and to understand in a generic way how HRM works in start-ups.

Assuming the relevance of HRM in the start-ups context, it is interesting to understand if start-ups are aware of the importance of HRM. To accomplish this goal there are some questions that arise and need to be answered. Firstly, it is quite pertinent to understand how was the integration of HRM in start-ups, not in a generic way, but analyzing concrete cases. Secondly, get to know why start-ups implement HRM in their structures, knowing the motivations underlie this decision. Thirdly, discover what are the HRM practices that start-ups tend to value the most and that they are implementing. To answer to these questions, a qualitative methodology was used applying a multi case study approach. Therefore, were applied to three different start-ups an in-depth interview, which constituted case studies that allow us to have the needed information about its perspectives about HRM.

In line with this, the present thesis is divided in three main sections. In first place, it can be found the literature review that shows us the state of the art on the two major themes being studied: start-ups, as a consequence of the entrepreneurial activity and HRM. The second part, regards the methodology and the research process of the study. Lastly, the third part demonstrates the main conclusions of the study regarding the integration of HRM, the reasons, advantages, and obstacles associated to it and the practices most used by start-ups.

2. Literature Review

This chapter will address the main topics existing in the literature related to the HRM in start-ups. It will start by a broad topic such as entrepreneurship, from which emerges start-ups companies and then it will narrow to HRM in start-ups. This careful analysis of the existing literature will enable to constitute a better basis to the understanding of the research questions that will raise and that will be developed in the present study.

2.1 Entrepreneurship

During the last decades, the focus of research about companies has started to change, from large to small companies (Burns, 2011). This shift occurred mainly due to the recognition of the contribution that small businesses have in the economy. Also, the change of paradigm raised in the scientific community a greater attention to the role that start-ups and entrepreneurship, in general, play in the society (Burns, 2011).

Although the recent interest, the first mention to the function of the entrepreneur within the economic system was made in 1755 by Cantillon (Wadhwani, 2012). The first entrepreneur's characterization particularly highlighted the uncertainty of the entrepreneurial activity, that consists in purchasing at certain prices and sell at uncertain prices (Cantillon, 1755 cited by Wadhwani, 2012).

From an economic perspective, Schumpeter (1987) clarified the role of entrepreneurship in the capitalism. This way, within a capitalist economy that is dynamic and many times characterized as a self-regulating market, entrepreneurship is seen as extremely relevant to understand for how the economy changes, more than leading us to understand how markets work (Schumpeter, 1987). So, the entrepreneur is seen as the responsible for the process by which the economy goes forward, breaking up the market equilibrium.

As a consequence of this objective of understanding for how economy change, Baumol (1990) raised the question if all entrepreneurs' activities contribute to the economy's productive growth. Since entrepreneurs seek opportunities with attractive payoffs, which is determined by what is valued by the market and its own rules, entrepreneurs could be allocating their resources in a productive, unproductive or destructive direction. In this sense, according to Baumol (1990) it is important to understand the set of rules that account to changes in different periods, so that it could be able to get the real impact of the entrepreneurship in the economy.

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Apart from the role that it takes in the economy, it is important to know that the essence of entrepreneurship could be defined as the will of run after an opportunity, independently of the resources that are controlled at the moment (Stevenson & Jarillo, 1990). Being the aim the creation of value by pursuing an opportunity with a unique package of resources in the market. This process of new opportunities exploration has three components such as the detection of the opportunity, the willingness to pursue it and the confidence and possibilities of succeeding (Stevenson & Jarillo, 1990). Although entrepreneurship is quite related to start a new business, it requires additional skills.

Considered as pretty different from large companies (Talaulicar, Grundei, & Werder, 2005), entrepreneurial SMEs have special characteristics such as uncertainty, innovation and the firm evolution (Burns, 2011). However, Stevenson and Jarillo (1990) highlighted that there are features like growth, innovation, flexibility among others frequently used to characterize entrepreneurial firms or start-ups, which are also desirable and quite valued in large companies.

So, it could be concluded that the entrepreneurial activity and the exploration of those opportunities are performed by entrepreneurs that are moved by uncertainty. From this exploration commonly results new businesses that could create new organizations, known as start-ups, or corporate entrepreneurship, also known as intrapreneurship (Dal Zotto & Gustafsson, 2008). In this sense, there are several challenges that entrepreneurial firms have to face and HRM can be seen as a tool to better face them and to retrieve, revive and reinforce entrepreneurial spirit and innovative capabilities of both, emerging firms and established firms (Dal Zotto & Gustafsson, 2008).

2.1.1 Characteristics and evolution of the research fields

According to Stevenson and Jarillo (1990), it is possible to divide the research about entrepreneurship into three main streams, being them firstly *what* happens when entrepreneurs act, secondly *why* they act and thirdly *how* they act. Following this perspective, in the first stream the researcher seeks to understand the results of the entrepreneur's actions. This led to the development of theories about the impact of the entrepreneurial activity in the economy (Schumpeter, 1987; Baumol, 1990). The second stream has its focus on the entrepreneurs, in their psychological and social characteristics.

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Gartner (1985) refers that the difference between entrepreneurs and nonentrepreneurs and between entrepreneurial firms and nonentrepreneurial firms could be not so larger than the difference among entrepreneurs and their firms in contrast to what was previously studied. This way, Gartner (1985) points out some psychological characteristics that have been used several times in differentiating among types of entrepreneurship such as: need for achievement, locus of control and risk taking propensity. Also, job satisfaction, previous work experience, entrepreneurial parents, age and education are some individual characteristics that should be taken into account when looking to entrepreneur's background, experience and attitudes (Gartner, 1985). Instead, Burns (2011) identifies the differences between the characters traits of an owner-manager and an entrepreneur. According to the author, the entrepreneur has character traits such as opportunistic, innovative, self-confidence, proactive and self-motivated, visionary with flair and should also be a person willing to take greater risks and live with uncertainty. Although the projection of this research, there are a lot of critical perspectives that points the difficulty in establish a specific link between entrepreneurship and psychological or sociological traits that cause a pattern of behaviors associated with it (Stevenson & Jarillo, 1990). This way, those research results should be taken into account with moderation being considered as correlates of kinds of entrepreneurial behavior and not as links between those dimensions (Stevenson & Jarillo, 1990).

The move to the third stream of investigation as to do with the limitation of the previous stream, but also with the belief that entrepreneurs should be defined by their acts and not by their psychological characteristics (Burns, 2011). Thus, Low and Macmillan (1988) defend that the heart of the matter stays in understanding how entrepreneurs deal with creating and sustaining organizations, throughout the obstacles that they face. As a consequence of this approach, there were designed functional studies about topics that would interest to small companies and different life cycle models that pretended to be a reflex of the phases and problems that emerging companies faces (Stevenson & Jarillo, 1990; Greiner, 1972; 1998).

Regarding the research in entrepreneurship and due to its multidisciplinary, there is a scarce literature able to relate entrepreneurship and management of people, more specifically about the management of people in the founding phase of firms (Keating & Olivares, 2007). Moreover, it is stated that case studies are the most common analytical technique, and that there are several studies that analyse the impact of HRM on the

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creation of start-ups in different geographical areas (Dabic *et. al.*, 2011) while others such as Keating and Olivares (2007) studied the degree of formalisation of HRM practices in start-ups.

2.1.2 Start-ups: more than small firms

Accordingly to Blank (2010), a start-up is “an organization formed to search for a repeatable and scalable business model”, which may take up some time to find the right business model, by changing it along its own evolution. Start-ups usually operate under a high level of uncertainty and born with the objective of create innovative products and services to the market (Ries, 2011). Also, being in its first stage of operations, start-ups tend to be initially financed by its founders, that with the business growth may not be able to self finance, having to appeal to financing from venture capitalists, or die for not being able to scale operations (Investopedia, LCC).

Regarding the financing of start-ups, Burns (2011) highlighted that this condition of being short of cash, impacts on the way that strategy is implemented, limits the investment possibilities in marketing campaigns and makes decision making more focused in the short term. Transversally to small firms and start-ups, the fact of operating in a single market or having a single range of products or services, impacts on the ability to diversify their business risk and having a small number of clients make those companies more vulnerable (Burns, 2011). However, there are several advantages that help start-ups to overcome such limitations. As a consequence of being in the begging of their operations, start-ups tend to have structures better prepared to change, to be flexible and to have an improved responsiveness (Burns, 2011). Therefore, this type of firm is better prepared to survive and thrive in turbulent environments; in addition their teams tend to have the ability of spot new opportunities, by gathering the necessary resources to deliver it to the market (Burns, 2011).

The fact that start-ups have the ability to entirely develop new products, particularly in the information technology sector, while the world assists to the change from the manufacturing to the service paradigm, make start-ups more attractive economically and academically (Wadhwani, 2010; Burns, 2011). In this sense, Burns (2011) suggests that small firms need a different approach than large companies, which could be extended to start-ups that represent a further particular reality.

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Burns (2011) identifies two types of small firms: lifestyle firms and growth firms. Going deeper in these two types of small firms, the one that seems to better characterize in some way a start-up firm is the growth firm, set up by entrepreneurs. Not only by its objective of rapid growth, but also by the problems or as phases of growth, as called by Greiner (1998), that a firm has to face in order to survive in such a competitive environment. Especially small firms have a great process of evolution, varying in size, capacity for growth, organizational structures and management styles (Churchill & Lewis, 1983; Greiner, 1998). Those companies are characterized by an informal and personalized management, in which the style and the management functions' change accordingly to the growth and evolution of the company (Burns, 2011). Moreover, small companies tend to have independence of action (Churchill & Lewis, 1983) and to be less concern with formal systems and decision-making process (Storey & Sykes, 1996).

2.1.3 Incubator

Incubators had its genesis in Western Europe and North America and could be defined as an “organization that facilitates the process of creating successful new small enterprises by providing them with a comprehensive and integrated range of services” (Adegbite, 2001:157). Those services could be related to financial advisory and resources, training, counselling in the development of the strategy and planning, or even helping the founders in finding important partnerships to the success of the business (Tseng, 2011). Also, the International Business Innovation Association defends that the hosting of companies in incubators is mainly focused in start-up periods, when they are more vulnerable, and for a maximum period generally between three to five years (Adegbite, 2011).

The International Business Innovation Association states that if on one hand, an incubator provides services and space according to the start-up's needs for a variable period of time, contrarily an accelerator has a specific duration in which the selected companies pass through a development process, that could involve a seed-investment, that has as a final objective a public presentation to a specific audience. Both will benefit entrepreneurs, and it is expected that business incubators work as a catalyst to the emergence of SMEs, reducing the failure rate of new start-ups, serving as pilot demonstrations centres and promoting entrepreneurship development and technological innovation (Tseng, 2011).

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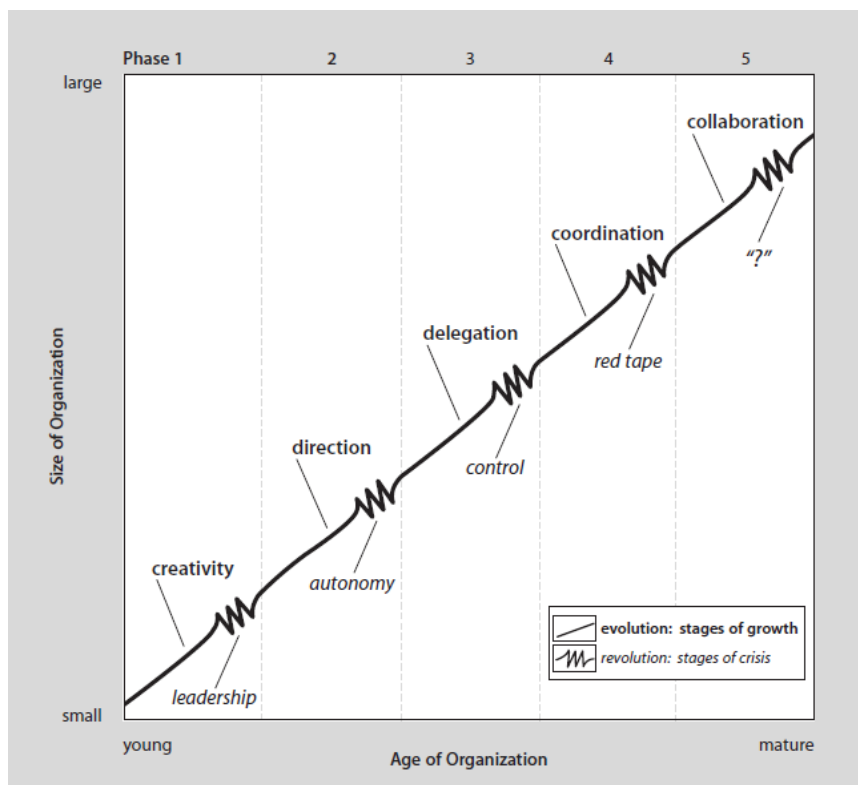
2.1.4 Organizational Practices across life-cycle phases

In such a dynamic and challenging environment, the capacity to adapt and change plays an extremely important role. Not only start-up's founders have to develop their management and leadership skills, but also start-ups have to evolve and change the way they operate in order to succeed (Greiner, 1998; Burns, 2011).

Based on that assumption, were developed some models that intend to describe the evolution of emerging firms. Despite the fact that start-ups are different from each other, there are similarities that organized will provide a better understanding to their founders of the stage that they are facing, along with an overview of the common problems and anticipating future issues (Churchill & Lewis, 1983).

Trying to link HRM practices to organizational contingency, such as stage-of-growth and organizational structure, Greiner's model (1972), is one of the most cited models (Keating & Olivares, 2007; Burns, 2011). Greiner (1972; 1998) defines five stages of organizational evolution and revolution, taking into account five dimensions: organization's age and size, stage of evolution and revolution, and the growth rate of its industry. Figure 1 presents an overview of the five phases of growth and Table 1 a briefly description of the organizational practices in each phase.

Figure 1 – The Five Phases of Growth



Source: Greiner (1998:5).

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Start-ups as emerging firms are located in early phases. In *Phase 1: Creativity* it is a phase in which firms live the period of creative evolution that involves the conception of innovative products or services and the market. This phase could be characterized by a focus on the adhesion of the product to the market, which sometimes neglects some management activities; the internal communication is frequent and informal; it requires many hours of work with modest salaries that have promises of ownership benefits; lastly, decisions and management actions react according to the market feedback. Following this stage of evolution, Greiner (1972; 1998) also appoints some problems such as the need of knowledge about efficiencies manufacturing; informal communication becomes insufficient; new employees are not so attached and motivated as the founders and management responsibilities at this point consume more time, which lead to the first revolution, the *Crisis of Leadership*.

Depending on the capacity of the start-up to survive to the first phase it evolves to *Phase 2: Direction*. Greiner (1972; 1998) defends that those firms that introduce a capable business manager are able to experience a period of sustainable growth, since it has been implemented a directive leadership. Under this new leadership the firm face the introduction of a functional organizational structure, accounting systems of inventory and purchasing. Also, work standards are adopted, while incentives, budgets and communication become more formal. Start-ups that survive until this phase face a *Crisis of Autonomy*, since with the business growth it will be unsustainable for their leaders to control everything.

The autonomy will correspond to *Phase 3: Delegation* in which there is a great responsibility given to managers, frequent reports to the direction and top-level executives will manage by exception. Also, this decentralized way of operate will allow the business to grow and to respond quickly to customers. However, this period of autonomy will function until the necessity of a more strict control of managers' choices, falling into a *Crisis of Control*.

Phase 4: Coordination will bring a way of working using formal systems and implementing control programs. Those methods will allow the company to be organized into product groups or business units, knowing the expenses of each area and analyzing their profitability. At this stage, companies have already a considerable size and not all groups will understand the usefulness of control systems. This will increase the gap between the management team and staff people, creating so the *Red Tape Crisis*.

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Focus on procedures instead of problem solving would not be an adjuvant to the company's progress. This way, only *Phase 5: Collaboration*, with a strong emphasize in interpersonal collaboration will surpass the bureaucratic red tape. At this last phase, companies focus on solving problems, innovation, teamwork and in a participative top-management style. As next steps for these companies, Greiner (1998) points out a dual organizational structure, which enables the company to get the normal work done and another that permits employees to think in different perspectives.

Table 1 – Organizational Practices in the Five Phases of Growth

Category	Phase 1 Creativity	Phase 2 Direction	Phase 3 Delegation / Decentralization	Phase 4 Coordination	Phase 5 Collaboration
Crisis	Leadership	Autonomy	Control	Red Tape	“?”
Management Focus	Make and sell	Efficiency of operations	Expansion of market	Consolidation of organization	Problem solving and innovation
Organizational Structure	Informal	Centralized and functional	Decentralized and geographical	Line staff and product groups	Matrix of teams
Top-Management Style	Individualistic and entrepreneurial	Directive	Delegative	Watchdog	Participative
Control System	Market results	Standards and cost centers	Reports and profit centers	Plans and investment centers	Mutual goal setting
Management Reward Emphasis	Ownership	Salary and merit increases	Individual bonus	Profit sharing and stock options	Team bonus

Source: Adapted from Greiner (1998).

In order to overcome the limitations of this model, such as the need of a new firm to pass through all the stages of development, other models were developed. Churchill and Lewis (1983) developed a framework that integrates five management factors: managerial style, organizational structure, extent of formal systems, major strategic goals and owner's involvement in the business. That results in a five stages model used to connect marketing, people and financial management issues (Burns, 2011).

Even though generic, the analysis of these models is interesting when studding HRM. Particularly in perceiving the challenges by which emerging firms have to pass and how they relate to the scope of action of HRM. According to Greiner's (1998) perspective, *Phase 2: Direction* it is the phase in which occurs the introduction of a functional

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organizational structure and a formalization of some procedures. In this sense, from that stage the formalization of a closer look at the HRM should be taken into account.

2.2 Human Resource Management in Start-ups

As stated before, there is a vast research on entrepreneurship, and the same occurs with HRM. However, it does not happened when looking for these two areas studied together (Dabic *et al.*, 2011; Keating & Olivares, 2007). Indeed, accordingly with the literature review developed by Dabic *et al.* (2011), HRM in entrepreneurial firms is a theme of investigation that is currently gaining more attention from scientific community, especially since 2000, having those researches a more empirical nature than theoretical.

Keating and Olivares (2007) refer that the association of HRM to bureaucratization and to formalized structures could be one of the reasons for neglect the combination of these two dimensions, since HRM could be perceived as counterproductive by start-ups companies. Also, established and large firms are more attractive to perform these studies, since they have human resource management departments from where it is more ease to get data (Keating & Olivares, 2007; Dabic *et al.*, 2011). Simultaneously, start-ups as emerging firms, in general do not have structured departments, due to its size and scarcity of financial and managerial resources to support a HRM specialist, so this represents a dilemma for researchers that are used to the traditional HRM paradigm (Keating & Olivares, 2007; Dabic *et al.*, 2011). As a consequence, of the absence of HRM departments, the management of people tend to be informal and hence, difficult to research (Keating & Olivares, 2007)

Besides that, for an area as large as HRM and for entrepreneurship that has a multidisciplinary research, it is difficult to delimit their fields of research (Keating & Olivares, 2007). Additionally to these barriers, Dabic *et al.*, (2011) indicate further points such as the fact that it is insufficient the existing theoretical model that relates both areas and the lack of clarity that is underlying the definition of the concept of entrepreneurship and its dimensions.

To elaborate, HRM could be defined as the “management of work and people toward desired ends” (Boxall, Purcell & Wright, 2007, p.1), seen as a fundamental activity in all organizations where are employees and as an inevitable consequence of an organization starts and growth. To Cunha *et al.* (2005) it involves a set of politics, practices and

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systems capable to impact in employees' behaviour, attitudes and performance. In accordance with Boselie (2010) it is the sharing relationship that exists between employees and the organization, which Lin, Peng and Kao (2008) defend that covers the entire activities related to the management of employment relationships in the firm. Its ultimate reason for existence is the mission of having a positive impact on people life's, which includes employees and people outside the organization. A consequence of this responsibility is the recognition of human capital as tangible and intangible knowledge resources that can possibly generates value for the company (Hayton & Kelley, 2005). Human capital is currently considered an asset for companies like financing, physical and technological resources and its definition includes knowledge, skills and abilities of employees (Hayton & Kelley, 2005).

In emerging firms, such as start-ups, HRM is a delicate area, since those companies are in the beginning of its activity, so resources are limited and they may not have the necessary competences in HRM to perform and to take advantage from the large variety of practices (Dal Zotto & Gustafsson, 2008). In contrast, Kaufman (2007) notes that HRM department or a specialized person, that are implemented with the objective of centralize and standardize certain procedures, are not requirements for the practice of HRM, since it could be developed informally finding alternative ways.

2.2.1 From the administrative to the strategic perspective

Considering characteristics of start-ups such as informal procedures (Greiner, 1998; Keating & Olivares, 2007; Burns, 2011), fast decision-making with a focus on short-term (Storey & Sykes, 1996; Burns, 2011) and the uncertainty of the environment in which they operate (Cantillon, 1755 cited by Wadhwani, 2012; Burns, 2011) an administrative perspective of HRM would not be aligned (Keating & Olivares, 2007). This way, start-ups should follow the evolution that HRM is facing, from a perspective more traditional and associated with administrative tasks and bureaucracy that is no longer valid, to SHRM.

Batt (2007) arguments that SHRM is extremely related to successful organizational performance since it depends on the alignment between business strategy and human resource management strategy. To De Saá Pérez and García Falcón (2004), it is a tool that helps firms to achieve their goals by providing to them the necessary internal ability

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to adapt and adjust to their competitive environments and this could be done by the right alignment of HRM policies and practices. These policies and practices are a result of a strategic integration of the set of HRM activities, functions and processes, such as recruitment and selection, training and development, performance appraisal, promotion and reward systems (De Saá Pérez & García Falcón, 2004). Dal Zotto and Gustafsson (2008) emphasise that this alignment or harmonization with all other firm strategies assumes a special importance in firms that concerns with product portfolios, marketing and financing.

Allen and Wright (2007) highlighted that vertical and horizontal alignment is essential to show how HRM contributes to the achievement of strategic goals by companies. This way, the vertical alignment refers to the consistency between business strategy and HRM strategy, which will guarantee that employees have the necessary tools to carry out the strategy (Batt, 2007). On the other hand, the horizontal alignment refers to the way different HRM functions or practices are coherent between them, in order to help in the achievement of HRM goals (Allen & Wright, 2007).

As a consequence of HRM changes, it is being more integrated in company's strategy and considered as a relevant source of information to the decision making (Charan, 2014). In order to facilitate it, Charan (2014) suggests the split of the human resource department in two. Being the first one - Human Resources for Administration (HR-A) – responsible by managing compensation and benefits, and the second one – Human Resources Leadership and Organization (HR-LO) – focusing on developing people capabilities of the business. Although radical, this perspective is a sign of the intention to point out in what HRM department should focus and could be a way of promote a better contribution of HRM to firms.

2.2.2 Human Resource Management importance

Since culture, attitudes, values and commitment to employees are key issues to the success of firms and to their competitiveness (Snell, Shadur & Wright, 2005), HRM gain an extreme importance in companies. Over the last years the awareness about the importance of HRM in enterprises has been growing, being human capital considered as a source of value for the company (Hayton & Kelley, 2005). Even if, it was often ranked lower when comparing with other areas of business management (Kaufman, 2007).

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In fact, HRM is seen as a crucial factor to the success of firms, particularly those that require competence and motivation to achieve innovation (Dal Zotto & Gustafsson, 2008). However, in small and emerging firms it is not enough to have a brilliant mind that is innovative, whilst the entire process of design, production and distribution still depending on the effectiveness and commitment of people (Keating & Olivares, 2007). This question about innovation is extremely important to be taken into consideration by start-ups and at the same time to established companies too, to the extent that it will affect corporate entrepreneurship.

Moreover, people are the unique sustainable competitive advantage that companies have over time (Drucker, 1994). Besides this competitive advantage and the importance of people-related issues to understand start-ups and its own organization, Keating and Olivares (2007) brought to discussion the theme of internationalization. Since start-ups pursue scalable business models (Blank, 2010), most of start-ups have to internationalize in order to grow and serve a greater market. Thus, the management of people becomes preponderant to ensure the sustainable and successful growth (Keating & Olivares, 2007). Naturally, so that HRM has its effective contribution in companies, it is relevant that it shows the way it impacts on value creation, under penalty of losing credibility as a management function. Furthermore, HRM should be converted and perceived by all employees as a strategic asset, putting HRM practices in the service of attracting, developing and retaining human capital (De Saá Pérez & García Falcón, 2004).

2.2.3 Human Resource Management Practices

Being a sustainable competitive advantage for companies (Drucker, 1994) and answering to the challenges of being a strategic asset (De Saá Pérez & García Falcón, 2004; Hayton & Kelley, 2005), HRM practices should reflect this importance, being aligned with the company's strategy. Owing to founding team lack of competence in HRM, HRM practices are crucial in emerging firms (Dal Zotto & Gustafsson, 2008).

An empirical study developed by Moreira (2008) with the aim of characterizing HRM practices in Portugal concluded that the strategic importance of HRM is not always reflected in the tasks performed by this function. Also, it is stated that only a minority of companies participants is transforming HRM into a strategic function, adapting

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traditional past practices to the challenges and to the rapid changes that business environment demands today.

Currently, HRM practices should also respond to the new exigencies that employees have, since the relation company employee has changed involving different expectations. Specially in start-ups, companies with limited resources, HRM should take advantage from its variety of practices (Dal Zotto & Gustafsson, 2008). In this sense, Dal Zotto and Gustafsson (2008) suggest that to potentiate this condition, emerging firms should focus on two crucial functions: acquisition of personnel and leadership, furthermore they defend that one of the core competences of rapidly-growing firms are the HRM practices. In order to better understand HRM practices in the context of a start-up, it was explored the formalization of these practices (Keating & Olivares, 2007) and the employment models followed by them (Baron & Hannan, 2002).

Keating and Olivares (2007) studied the formalization of HRM practices in Irish start-ups and the results suggest that this group of companies evidence a significant level of established procedures. This conclusion of a structured approach in the management of people, it is distinct from which is suggested by the literature (Greiner, 1998; Storey & Sykes, 1996). This formalization is especially evident in communication and training. In terms of *Communication* the email seems to be the elected vehicle of communication, followed by regular company-wide meetings that have the function of communicate the strategy, but also helpful in transmitting company's values and culture promoting the integration of new joiners. Communication is also facilitated by employee's suggestion systems and newsletters, 50% and 43% of participants use these methods respectively. Regarding *Training* practices, 81% of participants use in-house training sessions, which reveals the importance that founders attribute to the acquisition of the necessary skills to perform the function within the organization (Keating & Olivares, 2007). These training sessions are a reflex of start-ups ability to adjust its processes to current conditions, since they do not have budgets to afford expensive training programs, assign new employees to mentors could be other option to learn on the job and to promote their organically evolution (Ries, 2011). In relation to *Socialization*, regular company-wide meetings are used by 84% of participants and as less frequent rise involvement programmes only used by 19%, which could be due to start-ups size, being the induction of new employees made more informally (Keating & Olivares, 2007). Within the Compensation methods 87% use individual incentives and bonuses and 71% use stock options (Keating &

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Olivares, 2007), this last is mentioned in the literature as a way of rewarding the long working hours (Greiner, 1998). The less used methods are profit sharing or gain sharing, that could be due to the need of investing in the business. In which regards other HRM practices, they show a significant level of formalization, for instances 91% of participants have written job descriptions, 75% have a personnel manual or handbook and 70% have written performance evaluations (Keating & Olivares, 2007).

Baron and Hannan (2002) are the responsible by the development of probably the most extensive empirical research study which deepens the theme of HRM practices in entrepreneurial firms. The study “The Stanford Project on Emerging Companies” (SPEC) proposed a typology of employment models, composed by five types: Star, Engineering, Commitment, Bureaucracy and Autocracy. The Table 2 presents and briefly describes those models.

Table 2 – SPEC Typology of Employment Models

Employment Blueprint	Dimensions		
	Attachment	Selection	Control
Star	Work	Potential	Professional
Engineering	Work	Skills/Task	Peers/Cultural
Commitment	Love	Values/Fit	Peers/Cultural
Bureaucracy	Work	Skills	Formal
Autocracy or Direct Control	Money	Skills	Direct Control

Source: Adapted from Baron and Hannan (2002).

Those employment models pretend to synthesize and organize which is taken into account when high-tech start-ups in the Silicon Valley are hiring. The *Star* model has as a reference the selection of elite personnel, taking into account the long-term potential, providing to employees challenging work, reliance on autonomy and professional control. The *Engineering* model selects based on specific task abilities, its attachment relies on challenging work, peer group control and seems to be the most default culture among those firms. The *Commitment* model involves attachment based on emotional or familial ties of organisation uses a peer-group control and the selection focuses on cultural fit. The *Bureaucracy* model selection takes into consideration the candidate qualifications most appropriate to perform a specific function, proving to employees

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work or opportunities for development and formalized control. Lastly, the *Autocracy* model or also designated *Direct Control* model, attracts employees based on monetary motivation, coordinates and controls through close personal supervision and selects employees to develop pre-specified tasks.

As a result of this particular study about employment models in high-tech start-ups, five main conclusions can be drawn. The first one identifies that entrepreneur's choices about employment model will be marked on their start-ups and somehow these choices will determine somehow the future of the firm. Secondly, changes in employment models demonstrate that they have an adverse impact on these young start-ups and may result in increasing turnover, bottom-line financial performance and being concerned the firm's survival (Baron & Hannan, 2002). Therefore, entrepreneur's choices are crucial. This way they must select the employment model that will be appropriate to pursue the future strategy, more than the one that suits the present. Thirdly, the study suggests that on average start-ups that have more capacity to face inevitable crises are the ones that have the Commitment or Star blueprint, tending to survive and prosper. Fourthly, the study indicates that employee diversity tend to vary according to the organisational blueprint. In fifth place, it is proposed by the study that firms that combine an approach to HRM practices with an employment blueprint aligned with their business strategy have better chances to have a higher survival rate and performance (Baron & Hannan, 2002).

2.3 Research Questions

From the literature review emerge three main research questions that will be the focus of this study. Keating and Olivares (2007) state that there is insufficient literature able to relate HRM in the establishment or funding phase of firms. Moreover, over the last years it has been developed some theoretical models that attempt to define the evolution of firms, such as Greiner's model (1972; 1998), but these models fail to answer completely to the existing gap. So, the first question is "*How was the integration of Human Resource Management in those start-ups, which is the role that Human Resource Management plays in start-ups?*".

The second research question is "*Why was implemented Human Resource Management in those start-ups?*". This question it is quite relevant since the literature only states that

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HRM it is crucial to firm's success (Dal Zotto and Gustafsson, 2008) and that the implementation of HRM has the aim of centralize and standardize certain procedures (Kaufman, 2007). Taking this into account, a more complete and detailed perspective of why HRM is implemented it is required. It will be important to know the motivations that impel start-ups to give attention to this particular management function, as well as find out which are the advantages, obstacles and risks that this type of companies associate to HRM.

Thirdly, it raises the research question of “*What are the Human Resource Management Practices that start-ups value the most and that they are implementing?*”. It is known by De Saá Pérez and García Falcón (2004) that HRM practices should be in the service of attracting, developing and retaining human capital in companies. Also, Dal Zotto and Gustafsson (2008) defend that HRM practices are crucial in emerging firms and that those firms should focus on acquisition of personnel and leadership practices. Even if Ries (2011) mention that start-ups have the ability to adjust their processes to current conditions, this is not enough to get to know which HRM practices start-ups value the most, which they are implementing and how they are implementing.

In order to answer to these three research questions that emerged from the literature review, the following chapter will define the appropriate methodology to develop and to collect the pertinent information, throughout this multi case study research.

3. Methodology and Research Process

This chapter constitutes a fundamental step, since it will define the appropriate methodology to carry out the present study. It will describe the research process, the data collection and the start-ups sample used to answer to the three research questions that rose from the literature review.

3.1 Research Process: Qualitative Methodology

As a first step in this study, it is important to consider which will be the research paradigm chosen, once it will guide the investigation context. A research paradigm could be defined as a set of assumptions, practices and agreements that are shared among the academic community (Lewis & Grimes, 1999). These set of assumptions, practices and agreements have a real impact on the investigation strategy definition by the researcher for the study, helping in the selection of instruments and methods to be used.

For this study in particular, the paradigm that has been chosen was the interpretivist paradigm, in contrast to the positivist paradigm. The interpretivist paradigm rejects the existence of an objective and factual understanding of the reality, once the subject-object interaction it is not devoid of the subjectivity and intersubjective meanings that people attribute when they interact with the world around them (Saccol, 2009; Orlikowski & Baroudi, 1991). Accordingly to this paradigm, a deeper understanding of the phenomenon could be achieved through the research within cultural and context situations, consequently the researcher should take a neutral attitude not leading to the investigation hypotheses or prior understandings of the situation (Orlikowski & Baroudi, 1991).

To encompass the subjectivity associated to the understanding of the researcher about the interpretations of the individual participants of a certain phenomenon the qualitative methods assume a privileged position (Saccol, 2009).

Additionally to the research paradigm, it is also important to define the research methodology. The deductive analysis focus on testing whether the data analysis is consistent with prior assumptions, in contrast with the inductive approach which derives its concepts, themes or model from the detailed readings and interpretations made by the researcher from the raw data (Thomas, 2006). So, the second one, the inductive method it seemed to be the most suitable for this study, due to its simplicity and opportunity to take from the data the emerging issues, not limiting or conditioning an investigation to models

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already defined or pre-conceived ideas about a research team, especially in an area of investigation less explored such as HRM in start-ups.

As a consequence of the interpretive paradigm and the qualitative methodology, the research method most appropriate to carry out this study is the case study research (Yin, 2009). According to Yin (2009), one of the most important conditions for differentiating the research methods is the type of research questions, in which “how” and “why” lead us to use case studies. Schramm (1971) cited by Yin (2009) says that this research method looks for a comprehensive understanding of why and how a decision or a set of decisions were taken, which allows to retain the holistic and meaningful characteristics of real-life events.

A case study research is associated as the best method to investigate subjects which would be impractical to investigate using other research methods; moreover it will provide detailed information and insight for further research. However, case studies are viewed as a less desirable form of inquiry, since have been raised some issues related to its lack of rigor, little basis for scientific generalization and the time that it could consume (Yin, 2009).

In order to overcome some of the weaknesses stated before, it is important to follow prespecified procedures that will guide the researcher along the investigation. Therefore, a Case Study Protocol (CSP) it is desirable in every circumstance, especially when developing a multiple-case study (Yin, 2009). It will contain not only the instruments used but also the procedures and general rules; while it will increase the reliability of a case study research, guiding the researcher in carrying out the data collection.

This particular study has a CSP (Appendix I), which covers the (1) Case Study Overview, (2) Procedures adopted in research work; (3) Theoretical concepts and definitions; (4) Interview script; (5) Plan; (6) Data analysis; and lastly (7) Case Study Design. In this specific case, it was used a multi case study approach, which means that the same questions were asked to the different start-ups, with the objective of collect information about the phenomenon among the sample. As a result, it is pretended to have a brief characterization of each start-up and them draw single cross-case conclusions to understand the phenomenon.

3.2 Data Collection

In order to perform the data collection it was applied an in-depth interview as a qualitative research method. Being an interview one of the most usual and mighty method to understand and explore the human behaviour, that allows to gathering a lot of information (Fontana & Frey, 1994), it was evident the choice in this multi case study.

According to Fontana and Frey (1994), there are three types of interviewing: structured, semi-structured and unstructured. So, with the aim of cover all information about the HRM in start-ups, using a semi-structured format interview an in-depth interview was designed – Appendix I Section D of the CSP.

These type of interviews could be conducted individual or in group (Fontana & Frey, 1994). To collect data from start-ups were conducted three verbal face-to-face interviews, to one person of each start-up, in Portuguese language, to enable a more spontaneous and more complete communication. Besides that, it was done an audio recording to ensure that the information was all recorded and at the same time allowing the interviewer to better focus on guiding the interview and ask for further clarification on some issues.

3.3 Start-ups Sample

The start-ups that were selected to participate in this multi case study were identified though the convenience sampling, which is one of the three types of sampling defined by Marshall (1996). This type of sampling is highly associated as being the least rigorous since it will select the most accessible participants to the researcher. However, it could be seen as the less expensive, talking about time, effort and money. Another characteristic of this sample is that it could be considered as a small sample, which follows the same tend as the samples of qualitative investigations (Marshall, 1996).

In this specific study, there was an initial objective of having an odd number of start-ups participants that will be important to draw conclusions. With this purpose in mind, were identified some start-ups that followed the main criteria set up for this study. Initially were contacted three start-ups, from which one has declined to participate in the study as it is in peak season phase. Once the refusal was received, it was contacted another start-up that accepted. Thus, altogether were contacted four start-ups, three of which agreed to participate in the study.

In the absence of completely defined criteria in the literature about what is a start-up, the criteria taken into account for the selection of start-ups that were contacted are: being

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considered start-ups by the public domain; being an organization formed to search for repeatable and scalable business model; having less than 10 years of existence; and finally, it was taken into account the size of them, were only considered start-ups with a dimension equal to or higher than 10 employees, since it would be more interesting for the study to analyze start-ups in different stages of growth.

It is worth noting that the analysis and conclusions drawn in this dissertation are the entire responsibility of the author, which means that start-ups participants do not compromise the analysis developed in this study, they are responsibility of the author.

3.4 Data Analysis

In fact, the choice of the interview as a data collection tool leads to a great volume of qualitative information. This information has to be treated in order go beyond verbal information, allowing the reading enrichment, so that the qualitative content analysis has been chosen. Such technique, defined by Bardin (2009) as the set of analysis techniques for communications, is widely used as a research method to analyse text data. Also, with this technique analysis, the study will benefit from the objectivity and rigor of its procedures, from the value and the accessibility of the data.

Adaptive and very empirical, content analysis has some basic rules that allow the researcher to identify the contextual and content meaning of the information obtained. One of the procedures is the coding, which according to Holsti (1969) cited by Bardin (2009) is the transformation of raw data systematically and aggregated into units, that allow an exact description of relevant characteristics of the content. After this process, it could be important to do the categorization that leads to the classification of the elements of a set by differentiation according with the previously defined criteria (Bardin, 2009).

In this study were conducted 3 interviews. All the interviewees are founders or co-founders who had an important role in the creation of the start-ups and all of them are present actually in the daily activity of the companies (it could be found an interviewee characterization in the CSP, Appendix I - 2.7 Interviewees characterization). Taking into account that these 3 interviews had an average duration of 40 minutes each, it was relevant to use technological tools to make fast and systematic the data analysis. Firstly, the interview audio recordings were transcribed using F4 program (Appendix II – Figure 2). Then, MaxQda program (Appendix II – Figure 3) were used in order to help to code

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the data faster and more systematically, it was followed the semantic categorization criteria.

As a starting point, were identified codes for analysis based on the literature review which it is called concept-driven coding (Gibbs, 2010). Accordingly, the Appendix II Figure 4 show the initial set of codes that were identified.

In fact, interviews were rich in content, which led to consider insufficient the initial coding based on the literature review. In this sense, it becomes important to consider also the codes coming from the empirical data, which is pretty relevant to understand the phenomenon of HRM in start-ups. So, it was used the concept-driven coding, that is based on literature review, and the data-driven coding, based on the data collected (Gibbs, 2010). As a result of the integration of these two methods, Appendix II Figure 5 presents the final list of codes. The interviews analysis was conducted taking into account two main thematic categories: start-ups and HRM. All information about each start-ups were analysed and associated to each code; moreover using MaxQda program, it was possible to produce a table for each code to be considered for analysis (example in Appendix II Table 8).

Furthermore, as recommended when doing content analysis it was done a coding validation by two external persons to the investigation. This step of appreciation process was helpful to the investigation since it ensure that the codes defined were clear to different persons, which at the same time, will contribute to reduce the subjectivity associated to qualitative investigations and to content analysis.

4. Multi Case Study

This chapter presents a brief characterization of the three start-ups cases under analysis. The description and analysis of the cases follow the same structure, covering some topics such as history, sector in which it operates, company's vision, headquarters, financing method, organizational structure and future objectives. In order to summarize some information, in each case it will be included a table synthesis with the main characteristics.

Interviews were conducted in Portuguese, so that the quoted phrases used are translations. Once the translations were done by me, I assume full responsibility for their accuracy.

4.1 Case 1: Science4you

Science4you is a start-up born in an academic context, as a result of a partnership between the Faculty of Sciences of the University of Lisbon and ISCTE Business School. In this partnership the students of ISCTE Business School were invited to develop business plans to the ideas provided by the Faculty of Sciences of the University of Lisbon, as a final year project.

"I was studying at the time, the teacher came up with a hat full of ideas and asked for each one to take an idea and when I took mine, it was saying "Physics Kits". We were a group of 8 people and when we looked at it, we didn't like it".¹

Despite the initial idea were not so attractive, the work group developed the concept of scientific toys and in January 2008 Science4you were established (Table 3). With some financial investors, Miguel Pina Martins was the only who started working there, with the objective of just selling scientific toys in Portugal and little else.

Table 3 – Characteristics of Science4you

Name	Science4you S.A.
Establishment date	January 2008
Activity Sector	Toys for children
Headquarters	Lisbon, Madrid and London
Principal Markets	Portugal, Spain and United Kingdom
Number of Employees	200
Expected number of employees until 2016	300 to 350

¹ Extract from the Interview with Miguel Pina Martins (I1.1.00:21-7).

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Actually the company operates in the toys for children sector. In addition to the development, production and marketing of educational and scientific toys, the company also provides services in the training area, such as birthday parties, summer camps; training courses and scientific animation.

Science4you vision is to improve educational levels in the Society, by developing toys and games that enable children to learn while they play, moreover to go in this way its employees are guided by three core values: Excellency, Commitment and Efficiency.

The company has headquarters in Lisbon, Madrid and London. Also, developing other international markets, it is present in more than 10 countries and has distributors in France, Italy, Germany and Poland. Currently, 22% of its sales are made thanks to exports, in which Spain, United Kingdom and Italy assume greater prominence.

Funded by venture capital and business angels, being set up within the Finicia Program with a share capital in the amount of € 55,000, Science4you aspires to achieve 12.5 million Euros of sales in 2015. The path has been marked by a strong growth, reflected in the increasing annual sales (Appendix III – Figure 6).

Science4you follows a formal organizational structure (Appendix III – Figure 7), composed by four departments: Lab4you, Fab4you, Sales4you and Support4you. With regard to management functions, it has a CEO, two Vice-Presidents and an Executive Board. As a whole, the company currently has about 200 employees. Regarding sales force, the majority are direct employees, although there are some outsourced people. Science4you expects to increase its staff to 300 to 350 people until 2016, mainly due to the new store openings.

Mass media has not been indifferent to the success of this Portuguese start-up that is creating value in the toys for children, there are many news about its evolution and it has won dozens awards regarding its entrepreneurship, personality, brand and products. As objectives for the future, Science4you predicts to almost duplicate its sales in 2015 and continue its process of internationalization which will also require the team's growth.

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4.2 Case 2: Start-up X²

Start-up X is a result of the entrepreneurship of two degree students of Management and Economy, which had an idea that could come to revolutionize the access to luxury goods. These two young girls, at the age of 21 years old, developed a business plan and wanted to submit the work to the evaluation of a set of juries.

“We were studying at university when we had the idea and decided to participate in one of the largest entrepreneurship competitions in Portugal, Acredita Portugal in 2011. We passed all phases and we ended up winning the 2nd place among more than 3,000 participants of 20 years old, which was a huge success”.³

After the validation of the business plan by the set of juries, both defined six months as a deadline to find investors to the project and they founded it, which led them to the establishment of their first start-up, that were focused in the Iberian market. After a year developing the project, they realized that the investor's vision and theirs was distinct. This first stage was a learning point for what is now Start-up X.

Start-up X was established in February of 2014 with the objective of operating in the luxury goods renting sector, with the United Kingdom as the main market (Table 4). Start-up X's vision is to provide to all women the opportunity to wear exclusive and quality products at a more affordable price, without the need to buy them, just renting them for the occasion. This way their clients will have more budget available to make their choices and at the same time they can wear luxurious dresses.

Presently, the company has headquarters in Lisbon and London. Although the United Kingdom being its main market, which represents around 90% of its orders, Start-up X have already done deliveries in more than 12 countries.

Table 4 – Characteristics of Start-up X

Name	Start-up X
Establishment date	February 2014
Activity Sector	Luxury goods renting
Headquarters	Lisbon and London
Principal Markets	United Kingdom
Number of Employees	10
Expected number of employees until 2016	20

² Anonymity required for the name of this start-up. It is called hereinafter as “Start-up X”.

³ Extract from the Interview with Start-up X co-founder (I2.1.02:38-5).

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Incubated by Faber Venture, which has been a great help at several levels since its foundation, also financed by two other funds, Portugal Ventures and The Edge Group, Start-up X has raised so far 520,000 € of investment.

Start-up X has assumed an informal organizational structure, characterized by being flat and flexible (Appendix IV – Figure 9). In which regards management functions, the two co-founders have distinct roles in the company, as Manager of Operations and Managing Director, although they share macro decisions. From the remaining team, composed by 8 people, just 2 people are at the company since the beginning and 3 of them started between June and July. By 2016, the company has the objective of duplicate its team, mainly because it is about to close the second investment round.

Since Start-up X has around a year and an half of activity it is very focused in growth in various fields of action, conducting its action by customer orientation and quality of service provided. In addition to the team sustainable growth that is essential, the next two years will be very important to reinforce its positioning.

With regard to business, the company wants to continue to provide a service of quality, which will allow it to increase the number of customers who repeat the service, as well as growing the number of customers. Since its activity is based on an online platform, that enables customers to access their services, it will also be subject of continuous improvements, in terms of new features creation, as well as in terms of improving the user experience.

As more long-term objectives, the Start-up X wants to further increase the number of markets in which it works in order to boost its volume of rentals. Furthermore, Start-up X wants to be a luxury goods rental marketplace, where you can not only rent dresses, but also other fashion products such as accessories, clutches, jewellery, shoes at a considerably lower prices than the sale price.

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4.3 Case 3: Talkdesk

Talkdesk is a technological start-up that has its genesis thanks to globalization that allowed two young recent graduates to participate in an entrepreneurship competition of an American company. This was just the reason to bring up the issue of innovation in the call-centres sector.

*“It was not too planned, in other words, we already had the idea but we had never thought to explore it because the technology was a little difficult to implement, so it was completely on the rack. (...) the competition premium was a laptop, a MacBook Air and it was 10 days to win a MacBook Air, to make an application and therefore Tiago and I sat down, we planned the project and decided to put the project to work in 2011.”.*⁴

After the achievement in this competition, they were invited to present their idea in a Start-up competition in United States of America (USA), more specifically in San Francisco, they went to and win. This was followed by invites to integrate two start-ups acceleration programs, from which one was chosen and opened the door to a period of 6 months of incubation in San Francisco.

In August 2011 Talkdesk was established with the objective of bring innovation to the call centres sector (Table 5), which had not experienced significant changes from 20 years ago, apart from the fact that is not considered fancy nor creative. Also, this was able by being the first world browser based call-centre. Which means that their clients could create a call-centre in less than 5 minutes with a software browser based that is easy to install, without overhead costs.

The company wants to be the first choice in which respects web call centres, not only to web companies, but also to big companies.

Table 5 – Characteristics of Talkdesk

Name	Talkdesk
Establishment date	August 2011
Activity Sector	Online call centre
Headquarters	Lisbon, San Francisco (California, USA) and Portland (Oregon, USA).
Principal Markets	USA, Canada and United Kingdom
Number of Employees	60 to 70
Expected number of employees until 2016	130

⁴ Extract from the Interview with Cristina Fonseca (I3.1.00:44-4).

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Despite the growth and the company's culture evolution, talkdesk, as are designated employees of Talkdesk, experience some key values in their day to day. Those values that have been core to the success of the team are: Teamwork, Concern for others and Helpfull to provide the best service to its customers.

At the present moment, the company has three headquarters, located in Lisbon, San Francisco and Portland. Despite the fact of its initial international exposure, their locations are also related to the strategy of operating globally. For instance, Talkdesk operates in the five continents, in more than 50 countries and only 5% of its customers are Portuguese companies. In terms of exportations USA, Canada and United Kingdom are the most representative countries.

Financially, Talkdesk is been growing with recourse to investment rounds, the last two carried out in September 2014 and June 2015, enabled it to collect about € 2,5 million and € 13 million respectively.

In terms of organizational structure, Talkdesk assume a more organic structure, marked by the lack of rigid procedures and communication, and some of the decisions arise from the needs. Nevertheless, some responsibilities can be defined such as the founders, Cristina Fonseca and Tiago Paiva, that leads the operations in Portugal and in USA in the same order, and a Chief Operations Officer that has an extremely important role in the company. The organizational structure is not completely closed and has been evolving to eight departments, such as Support, Sales, Product, Business Development, Customer Success, Implementations and Engineering.

During the first years the team, around 6 people, was focused in the product development and has been growing slowly. In 2015, with the objective of grow to be competitive, the company has registered the highest growth that has ever lived. Talkdesk started the year with a team around 30 people, in July has already about 70 people distributed by the three headquarters and wants to duplicate this number until 2016.

Mainly because in start-ups it is difficult to make long-term objectives, Talkdesk is focused now in growth, as a way to remain competitive and to defend its market position.

5. Findings and Discussion

The information gathered from the interviews of the three start-ups participants provides detailed information able to support and answer to the study research questions. Structured according to the three research questions and with a prior point about start-ups characteristics, this section pretends to present the findings associated to the study, meanwhile it is contributing to develop the topic of HRM in start-ups, adding value to the literature about it.

5.1 What characterizes a Start-up?

Knowing that the concept of start-up is quite recent and that it is not completely closed, it would be interesting to reflect about which is considered a start-up by start-ups participants. So, as a whole they pointed out eight different characteristics that may help to define the boundaries of what is a start-up (Table 6). From those eight characteristics, five are common to the three start-ups participants.

Table 6 – Distribution of the start-ups characteristics by the start-ups participants that pointed those characteristics.

Characteristics to define a Start-up	Start-ups Participants		
	Science4you	Start-up X	Talkdesk
Objective of rapid growth and global	✓	✓	✓
Unpredictability and Volatility	✓	✓	✓
Working Method	✓	✓	✓
Young Team	✓	✓	✓
History of Foundation and Financing	✓	✓	✓
Learning		✓	✓
Years of Activity	✓	✓	
Single Product			✓

The characteristic most frequently mentioned is the *Objective of rapid growth and global*. All start-ups participants although they have different dimensions and facing different stages of development, are focused in growth and want to sell globally. This is consistent with the definition proposed by Blank (2010), since start-ups are driven to discover and / or invent business models that can be scalable and repeatable. In other words as said by Talkdesk respondent “A start-up is a company whose idea has global

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potential, which goal is to grow fast, so a coffee is not a start-up, with a view to not grow. A start-up is to grow fast, international market (...)” (I3.2-01:53-9).

The second most mentioned characteristic is *Unpredictability and Volatility*. The only certainty of start-ups is the uncertain environment in which they will operate (Ries, 2011), which is a consequence of the uncertainty of entrepreneurial activity (Cantillon, 1755 cited by Wadhwani, 2012; Burns, 2011). In addition to a dynamic company environment, start-ups tend to exploit innovative business ideas (Stevenson & Jarillo, 1990; Burns, 2011), that often have not been tested before by another company and as new firms, with a lot of issues to define, the level of planning can be reduced. In this context, respondents mentioned that they do not make plans for the long term (Storey & Sykes, 1996), since they are alert to various scenarios that can happen, for instance receive an IPO (Initial Public Offering), not be able to invest enough to scale the business or die by not innovate as much as a competitor. Those circumstances, let start-ups to see the environment as question marks, as said by the respondent of Start-up X “We have established nothing, we are a set of equations or questions that must be answered every day and many assumptions are changed every day and we have to adapt to it” (I2.2-01:32-5).

Thirdly, with the same number of references, have been identified as start-up characteristics the *Working Method* and the *Young Team*. On one hand, the working method is associated to less formalized processes as a result of initially small and informal organizational structures where the problems are being solved as they are detected (Greiner, 1998; Storey & Sykes, 1996). Another point mentioned, is the team spirit experienced by cohesive and aligned teams, in which should be noted the long hours of work and the motivation by an intensive dedication to the initial product or organization development (Greiner, 1998). The Start-up X respondent explains that “We have a great working environment, we like to work together as a team and we are also all young people, (...) but I think that proactive people and their availability to help to grow in a start-up and establishing the company must be thoroughly valued.” (I2.2-01:32-5), which leads us to the topic of start-ups teams are mostly composed by young people. On the other hand, it is highlighted by start-ups respondents that most of the teams are young people, people with attitude, willing to do new things and to try out new business ideas without fear of risk, along with an availability that people at other stages of life could not have. Somehow, it is consistent with some entrepreneur characteristics present in

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literature such as need for achievement and risk taking propensity (Gartner, 1985), and character traits like opportunistic, innovative, proactive, self-motivated and willing to take greater risk and live with uncertainty (Burns, 2011), that make this firms better prepared to survive and prosper in uncertainty environments.

Fourthly, appears the *History of Foundation and Financing* as start-up criteria. Since the start-ups are closely linked to innovative ideas (Stevenson & Jarillo, 1990; Burns, 2011), many arise from little planned manners to its founders, whether through university projects such as Science4you, either through competitions such as has happened with Start-up X and Talkdesk. In the words of Talkdesk co-founder “without any major preparation, things just had a way of happening. Although deep down we were in the start-ups business when there was no ecosystem of entrepreneurship in Portugal.” (I3.1-02:44-4). The foundation of start-ups is closely linked to the accelerators programs and incubators (Adegbite, 2001; Tseng, 2011), that receive funding through investment rounds, mostly from venture capital funds (Investopedia, LCC).

In the fifth place, emerge two more characteristics *Learning* and *Years of Activity* mentioned with the same frequency. The first one, mentioned by Start-up X and Talkdesk, is related to the process of constant learning when establishing a new firm, especially if composed by young teams with little experience, which leads founders to think that “when a person begins a start-up knows nothing” (I3.4-08:40-4) as said by Talkdesk co-founder. The process of constant learning could be potentiate by different stages of evolution and revolution through which companies have to pass along its growth (Greiner, 1998). The second one was referred by Science4you and Start-up X which identifies the number of years of activity of a start-up as a start-up criterion. Although the two start-ups have referred this criterion, they do not have the same view about the number of years, on one side Science4you define as a criterion up to 5 years, while Start-up X indicates the limit of 3 years of activity.

Lastly, the eighth characteristic to identify which could be defined as start-up is the *Single Product* proposed by Talkdesk co-founder. This feature is closely connected to the idea of business that justified the creation of a new firm. In most cases entrepreneurs are focused “on a single product, with a very specific focus” (I3.2-01:10-4) as said by Talkdesk co-founder, and they feel this is the right track when the product or service begins to generate revenue and leads to more investment. This specific characteristic of operating in a single market or having a single range of products or services, it is pointed

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by Burns (2011) as a possible source of business risk and dependency from this cluster of customers.

To sum up, when confronting the start-ups characteristics that emerge from this study and the characteristics pointed by the literature it is possible to find a similarity between both. Objective of rapid growth and global, unpredictability and volatility, working method, learning and a single product are the ones for which it is easier to find a parallelism in the literature. However, history of foundation and financing is a characteristics not so clear on literature, since entrepreneurial firms could be founded by experienced entrepreneurs or by less experienced entrepreneurs (Burns, 2011), as is the case of the sample composed by start-ups that at the time were established by recently graduated. Regarding years of activity, there is not reference in the literature that we know, to a limit of years until which it could be considered a start-up. The only reference is made in the context of existing rules of an incubator, in which it is defined as a limit tenancy a period between three to five years (Adegbite, 2001). When doing the reverse exercise, innovation (Stevenson & Jarillo, 1990; Burns, 2011; Ries, 2011) and independence of action (Churchill & Lewis, 1983) are the characteristics present in literature and not mentioned by start-ups participants.

5.2 How was the integration of Human Resource Management in those start-ups, which is the role that Human Resource Management plays in start-ups?

5.2.1 Start-up phase

It is important to understand in which stage are currently the start-ups participants and especially, in which moment they faced the integration of HRM at the company. Those stages should be different since start-ups participants have different ages and are operating in different activity sectors, which let them to answer to different issues and to different industry growth rates (Greiner, 1998).

The oldest star-up is Science4you, with more than 7 years of activity it was the first of the three start-ups participants to face the necessity to have a person dedicated to HRM themes. Currently, the company has a functional organizational structure (Appendix III – Figure 7), that separates the departments in accordance to its role in business from the support activities. Also, it has a defined hierarchy with 6 levels (Appendix III – Figure

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8), control systems were introduced to improve the efficiency of operations and the communication became more formal and made through email. Those characteristics lead us to conclude that Science4you is living the Phase 2, known as Direction, according to Greiner (1998). However, it would be fairer to say that this start-up is already entering in Phase 3, designated as Decentralization by Greiner (1998). This position is supported by the fact that responsibility is being distributed by the management team and mostly, due to the management focus that is the expansion of market. The consolidation of the activity in Portugal, the existence of offices in Spain and England and the exportation of 22% of its production reinforce the Decentralization Phase (Greiner, 1998).

With all this evolution and growth, Science4you integrated in its team the first person with background and previous professional experience in HRM, when it has 6 years of activity. Its principal mission was to centralize topics related to recruitment and selection, integration and socialization, safety and health at work and administrative matters such as labor contracts, vacations and so on. Although nowadays other departments are involved in some processes, until then those issues were the sole responsibility of each department and the information was likewise dispersed.

Start-up X, as the youngest start-up participant, with a year and an half of activity has not yet a person exclusively dedicated to HRM. HRM it is centered in co-founders, who had an essential support by the incubator at the beginning. The co-founders recognize that this help by experienced people in HRM, taught them some of the best practices that they could implement and now they consider that they value more the impact that people management has in the company.

At the moment, with a small team that is focused in the development of the product and the market, the processes are not formalized and the main decisions are concentrated in co-founders. Its informal organizational structure (Appendix IV – Figure 9) favors frequent communication and closeness between team members. This initial stage it is designated by Greiner (1998) as the Phase 1, the Creativity. According to Greiner (1998) and as happens in Start-up X the employees dedication is rewarded with shares or with ownership. Indeed, the management it is focused in making and sell, once at the beginning the firm is very sensitive to marketplace feedback and this will determine the continuity and the success of the business.

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Last, but not least, Talkdesk is the start-up participant that seems to be in the middle of other participants when comparing in terms of organizational development. Due to the accelerated growth since February 2014, Talkdesk had to hire someone who was dedicated to the HRM area when completed its fourth year of activity. This recent integration has the mission of taking care of HRM based in Portugal, initially focused on more administrative themes.

The phase that Talkdesk is starting to cross now is the Direction, the second organizational evolution phase (Greiner, 1998). After years focused on the product development, the start-up is currently oriented to operations efficiency. Despite not having an organizational chart clearly defined, it is starting to emerge departments with directors responsible for areas of the business, together with the integration of senior employees with greater expertise in the sector. These team reinforcements, allow the firm to track business growth, but also integrate in the company people with specific knowledge. Consequently it makes the start-up more able to centralize and develop themes that have been left partly because the initial team was too focused on responding to business requests.

5.2.2 Formalization of Human Resource Management

HRM could assume different forms in companies, lowering the probability of mistakes, such as external consultants, outsource HRM function, entrepreneur can attend to courses about the area or even share HRM tasks among all members, taking them as a part-time job (Dal Zotto & Gustafsson, 2008). In this section, it is pretended to find the levels of HRM formalization in start-ups participants. On the one hand, by formal it is pretended to describe a HRM that has a certain structure, rules or procedures defined and applied in the company. In contrast, a HRM characterized by being informal, means that it does not have something very established and that the issues are solved without having a way considered as the most proper and commonly accepted by all.

Science4you, has said before, integrated in its team a person who is exclusively dedicated to HRM in June 2014. Until this moment, issues related to HRM were solved by each department or if they were issues more administrative were treated by Support4you department. Currently, the HRM technician is part of Support4you department and reports to the department's manager. This technician along with the manager, elaborate the HRM plan, with the main activities and the annual budget. Besides being a reference

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for all employees when they need something related to this area, it is the person responsible for the coordination of the HRM practices that the company has already implemented. Also, it is the only person with background in HRM throughout the organization. Towards this structure and formalization of some procedures, it could be concluded that it is evident the formalization of HRM at Science4you.

Start-up X, as the youngest start-up participant, it is the one that has the lowest degree of formalization of HRM. One may deduce that, because it does not have a person exclusively dedicated to HRM and it does not have procedures clearly defined. This area is taken as co-founders responsibility, so all regarding HRM at Start-up X is reported and solved by them. Given the team dimension, the co-founders defend that it does not justify a greater formalization, along with the proximity with all employees that this method allows to them. Despite this fact, when asked about the formalization of HRM at the company, the Start-up X respondent said that: “I think that in a phase where the company is already more stabilized, when we had the base created, then the company will begin to need resources to expand, there begins to make sense” (I2.5-00:38-4). Which means that there is a clear intention of Start-up X co-founders in have a greater formalization of HRM in the future.

Talkdesk it is taking the first step regarding the HRM formalization, by integrating the first person dedicated to this area. So, it could be considered that this start-up has a medium level when it comes to HRM formalization. When asked about this fact co-founder said that: “The need already existed, but she joined us two months ago and has been a fundamental piece in connecting all the parts, undoubtedly” (I3.2-09:25-4). This start-up places great value on its people, and given the attention required by the market, the co-founders have no longer enough time to it. Therefore, in April 2015, Talkdesk integrated the first person with previous experience in HRM that reports directly to the two co-founders. This person has now the coordination of HRM area in Portugal, with the main mission of help the start-up to grow its team. At the same time, the formalization of the HRM procedures and practices will be a consequence, since there are many things happening currently organically. Whereas the HRM of Talkdesk in USA does not feel the same need of having a person exclusively dedicated to it. There, Talkdesk uses specialized start-ups in HRM to solve some issues such as recruitment or labor relations, among others.

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5.2.3 Types of control: centralized vs. decentralized

Accordingly to Greiner (1998) in Phase 2 – Direction, companies pass through a phase in which a functional organizational structure takes place, which leads to greater centralization according to the areas of knowledge. Also, having new managers that act as supervisors, will promote a concentration of responsibilities, transforming the lower-level supervisors as functional specialists. In this sense, companies are influenced in this phase to have a more centralized type of control.

Regarding the type of control that exists over HRM in start-ups participants, it could be concluded that the majority choose a more centralized method of operation, in contrast to Science4you that have a more decentralized method.

Science4you has the first of the three start-up participants to have a person exclusively dedicated to HRM and took advantage of the departments participation in those activities that existed before. This means that there are practices that are coordinated by the HRM technician in order to have a centralized point between all departments. Therefore all departments still involved in HRM. Not only in terms of HRM practices such as selection of candidates and performance appraisal, but mainly in people management. In the words of Science4you CEO's "human resource are treated with the Managers, is how we see the HRM and not that typical organizational chart where there is one person who coordinates all this" (I1.1-07:38-9).

Conversely, Start-up X due to the fact that it is being in an initial phase, the co-founders want to centralize HRM and consider it as one of their principal responsibilities. "Until it gains another dimension in terms of people, this will go on like this; we want to control this part." (I2.3-02:59-6) as said by Start-up X co-founder. In the same way, Talkdesk choose to centralize HRM too, but with distinct characteristics. Due to its significant growth, managers did not have enough time to focus on HRM, which led to be seen as lower priority and resolved organically. In the words of Talkdesk co-founder "It must be, human resources are the most important thing at the company and you need someone to take care of it seriously" (I3.3-04:28-6). As a result, Talkdesk decided to centralize HRM by creating the function of head of HRM.

On the whole, it is possible to conclude that the integration of HRM in start-ups participants occurred naturally and as a way to help start-ups to focus on business needs. Table 7 helps to synthesize the main characteristics about the integration of HRM.

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Table 7 – Characteristics about the integration of HRM in start-ups participants

Characteristics	Start-ups Participants		
	Science4you	Start-up X	Talkdesk
Establishment date	January 2008	February 2014	August 2011
Date of the integration of a person dedicated to HRM	June 2014	Not yet	April 2015
Development Phase	Phase 3 - Decentralization	Phase 1 – Creativity	Phase 2 - Direction
Degree of Formalization	Medium high	Low	Medium low
Type of Control	Decentralized	Centralized	Centralized

Although the different forms that the formalization of HRM could assume (Dal Zotto & Gustafsson, 2008), start-ups participants tend to choose the more conventional ones. For instance, Science4you and Talkdesk choose to integrate a person with training and previous experience in HRM in their teams and Start-up X choose for now to centralize these issues in its co-founders. Moreover, the choice of HRM formalization tend to happen in initials growth phases, as did Science4you and Talkdesk, in theirs Phase 2 – Direction, according to Greiner’s model (1998). This can suggest that the formalization of HRM in start-ups could be associated with dimension, growth and number of years of activity. Regarding the type of control, Science4you seems to be the start-up that better experienced the decentralization of HRM, while Start-up X and Talkdesk younger and facing periods strong growth choose to have a type of control more centralized.

5.3 Why was implemented human resource management in those start-ups?

In order to answer why HRM were implemented in those start-ups or in the case of Start-up X why they believe that it should be implemented in the future, it is important to consider the reasons that underlie, the advantages, risks and obstacles that are associated to it.

5.3.1 Reasons

There are three main reasons that arise when start-ups participants are asked about why they think that start-ups implement HRM in such firms. The first one, which was mentioned by the three, is the *Growth*. When living periods of strong growth, start-ups feel this need especially due to its quickness. For instance, as shared by Talkdesk co-

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founder, “The team will grow, maybe up will double. At the moment we lack a lot of people to link parts that are not connected and we lack a type of structure that we did not have until now. (...) We have a very aggressive growth objective and therefore having this objective, it is normal that a more solid structure will be necessary to achieve that” (I3.1-04:47-4). The second one, referred by Science4you and Talkdesk, is the *Need for Centralization*. As a consequence of the first reason, start-ups teams grow, information begins to be scattered and then emerge efficiency losses that can be filled by centralizing. The third is the need to *Detect and Prevent Problems*, only mentioned by Start-up X. According to Start-up X co-founder “a hierarchy creates certain problems in terms of human resources that are not detected by the management team and we are fully aware of that” (I2.5-02:03-8). In this sense, Start-up X co-founder anticipate that in larger teams in which hierarchies are present, may emerge especially relational problems, in which HRM can play an important role. Co-founders would not be able to detect and handle those issues, mainly because they will be absorbed by the needs of the business.

5.3.2 Types of Advantages

Throughout the analysis of the perspective of each start-up it is possible to observe that there are four main advantages highlighted by start-ups participants. The one that gathers more consensus and that were mentioned by the three is *Reduce Managers and Founders Workload*. In the words of Start-up X co-founder “I think that in a start-up the founders know when they need help in human resources, realizing they are doing something for too long and leaving aside other things they should be doing instead” (I2.5-03:35-4). This advantage meets the perspective that with the company’s growth, co-founders will have a lot of management responsibilities’ unwanted, that overload their workday (Greiner, 1998). The second one is *Centralize*, mentioned by Science4you and Talkdesk. This advantage is one of the first results felt by companies that chose to have an area or a person dedicated to HRM issues. This kind of advantage brings the guarantee that the information is not lost across all the participants from the different departments involved in processes such as recruitment and selection. Kaufman (2007) also points the centralization and standardization of employment-related functions as the reason why were created those separate departments. The third one, stated by Science4you and Talkdesk is the *Expertise and Specialized Knowledge*. As said by Talkdesk co-founder “it is something you need to know and no one internally had the knowledge to handle it” (I3.3-04:59-3). Specifically, when it comes to legal obligations and HRM methodologies

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it is seen by start-ups participants as a very important knowledge to have internally. The fourth and last one is *Facilitate the Workflow*, pointed by Scince4you and Talkdesk. This advantage could be illustrated by what was appointed by Talkdesk co-founder “Now I do not see that this could happen without having a person allocated to human resources, because we are already 30 people. There are people coming in, there are people leaving the company, there are many processes in progress and there are proposals that must be submitted” (I3.4-04:43-1).

5.3.3 Obstacles and Risks

Concerning the obstacles and risks associated to HRM, start-ups participants were unable to identify many points. This way, Talkdesk pointed out that the *Centralization in one Person* could be a risk, specially the work overload that could happen or the lost of this internal knowledge if the person leaves the company. Although the risk pointed, Talkdesk co-founder argues that it is a risk that should be taken. Also, Start-up X pointed the *Risk of Failure in Recruiting*, since a HRM position is a crucial to the company. As an obstacle that could happen, Start-up X highlighted the *Hierarchy Creation*. Start-up X co-founders’ defends that it could be an issue principally when in a small firm emerge the need of defining limits in terms of responsibilities. Consequently, the team that has been developing the business since the beginning could not see with good eyes a potential head of HRM. On the other hand, Science4you and Talkdesk do not identify the existence of obstacles in the implementation of HRM in a start-up.

5.4 What are the Human Resource Management practices that start-ups value the most and that they are implementing?

In respect to HRM practices that are implemented by start-ups participants, there are some conclusions that could be taken. Firstly, it is evident that the ones that are most valued are the ones that are associated to relational and growth issues, which is in accordance with Dal Zotto and Gustafsson (2008), that defend that emerging firms should focus on acquisition of personnel and leadership functions. Secondly, start-ups tend to not have processes very defined and those are internally developed. With the objective of have a deeper understanding of what is done in the various fields of application of HRM practices then some key areas are distinguished.

5.4.1 Leadership

According to Dal Zotto and Gustafsson (2008), an entrepreneurial leader, role assumed most of the time by the founders or by managers, has the responsibility of inspiring people to fulfill innovative objectives and to be committed to organizational achievements.

Science4you and Talkdesk adopt a more engaging perspective of its leadership, involving employees in this process. Accordingly, leadership is not only expected from the CEO or co-founder. At Science4you managers have an important role of motivating their teams. In addition, at Talkdesk the co-founders leadership is completed by heads of department leadership's, the majority of those heads one year ago was engineers at the company, and now they are managing teams. On the other hand, Start-up X still has its leadership centered on co-founders. With proximity to employees, the co-founders seek to carefully implement the roadmap, intervening whenever there is a problem. In the words of Start-up X co-founder "at this point we want to be the face of all problems for our team, when there is a problem there is no one to whom they should appeal except to us" (I2.3-02:59-6).

5.4.2 Internal Communication

In the field of internal communication, Science4you is the one that show to have a greater number of tools that facilitate internal communications and some specific periods defined for the purpose. This start-up promotes the email as the most frequent tool to communicate like Keating and Olivares (2007) results, however it has a newsletter and an intranet which gathers information such as contacts, who is who and organizational charts of the structure. In turn Start-up X, as the smallest start-up participant, has an internal communication very organic in which the principal messages are transmitted in person, which is similar to the internal communication that characterizes Phase 1 – Creativity of Greiner's model (1998). In contrast, Talkdesk co-founder considers that "communication is our biggest challenge, improve communication and ensure that people are aligned" (I3.2-07:58-7), in the three company offices. To support this mission that is the communication, they have the email and directors who promote the broadcasting of information throughout the organization. Nonetheless, the co-founder believes that they already need an intranet to help to know who is who, especially with the team growth.

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5.4.3 Recruitment and Selection

Recruitment and selection seems to be the HRM practice most used by start-ups participants, seen as the most important and the one that make the growth objective possible. All start-ups participants have this HRM practice internally. Transversally, it is felt a great concern for having the strategy of recruitment and selection aligned with the company's strategy. However, Dal Zotto and Gustafsson (2008) emphasizes that core employees in start-ups are acquired through network and that the people employed in the early years are not necessarily the people that will have the capacity to sustain the firm in the future.

At Science4you, HRM technician manages the process of recruitment and selection until the first interview. After this point, managers intervene in the selection of candidates, interviewing a shortlist and taking the final decision. Before HRM formalization, each area has responsible for the entire process.

On the other hand, Start-up X had an essential aid from Faber Venture, which provided them training in recruitment and selection, such as conducting interviews. Currently, Faber Venture makes the first screening of candidates and from that moment the co-founders conduct the remaining process.

Talkdesk, for its part, had the recruitment and selection as one of the main activities of the co-founder. However, now it is delegated in the head of HRM, who manages the entire process with some interventions from important people for the final decision. Moreover, in Portugal and EUA the company collaborates with some recruiters who send candidates.

5.4.4 Integration and Socialization

Regarding Integration and Socialization issues, start-ups as young firms, tend to have informal environments where integration is facilitated by socialization moments that are frequent and occur spontaneously by employees. Keating and Olivares (2007) stated that involvement programmes are only used by 19% of start-ups, fact that could happen as a consequence of start-ups size and informal induction of new employees. Science4you in terms of integration is the one that has a more structured process, in which exists already a welcome manual and some specific moments of socialization. There are some key moments of socialization that work already as a tradition at the company, which are complemented by informal and spontaneous initiatives. Start-up X despite the fact that

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plans carefully the admission of new members, there is still no welcome process. Socialization moments are not very planned and occur informally, when there is willingness on the part of the team or every time there are achievements to celebrate. Also, Talkdesk has no welcome process implemented and socialization moments are occasional such as team buildings, especially when an office is visited by employees of a different geography.

5.4.5 Training and Development of the Potential

Concerning training and development of the potential it is an area for which start-ups are awaking and recognizing the importance of sharing knowledge internally. Despite startups participants do not have defined training programs; the awareness about the theme it is visible in many ways. Reflection of that is Keating and Olivares (2007) study results that concludes that 81% of participants use in-house training sessions. Regarding the present study, Science4you have some training sessions about subjects that are legal requirements and others that are closely linked to the business, such as sales. Those training sessions are a responsibility of HRM technician and are organized by her. Start-up X, with less years of activity, values the knowledge and encourages employees to be self-taught in their training and to participate in workshops organized by Faber Venture. Moreover, Talkdesk implemented a best practice of record the internal events of knowledge sharing that happens throughout the year. This aims to have the knowledge available to be shared with colleagues who could not attend the training session, while those who will join the firm in the future may also consult it.

5.4.6 Reward System and Benefits

In relation to reward system and benefits, there are different levels of procedures that are followed by start-ups participants, Keating and Olivares (2007) point that this multi-dimensional reward based is the way they found to remunerate the fact of acting in uncertain environments.

Science4you chose to conduct the payroll through outsourcing and have already defined some benefits from which employees can take advantage. Those compensatory measures are defined based on performance appraisal and professional experience of each employee. Start-up X does not have a reward system and benefits defined, although it has the policy of award prizes when it is felt that the person's performance should be recognized. Also, the payroll is done internally. As next steps in terms of compensation

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and benefits, Start-up X wants to assign shares to key employees as recognition, increase salaries after the second investment round and implement reward system for goals applied to the customer service area. For its part, Talkdesk has the payroll done using outsourcing and internationally uses specialized startups in the area to help. Talkdesk co-founder believes that in the near future the firm will have a benefits system, designed with the help of the head of HRM.

5.4.7 Performance Appraisal

As regards Performance Appraisal, only Science4you has a performance appraisal system applied to all employees. This HRM practice is done since 2010, its second year of activity, by managers and with the administrative collaboration of the HRM technician. Otherwise, Start-up X and Talkdesk do not have a performance appraisal system implemented. However, both reveal that there is a performance management complemented by a continuous feedback that occurs without having specific dates for it. Dal Zotto and Gustafsson (2008) refer that start-ups tend to evaluate and inform employee's performance through financial incentives and stock options, instead of using other HRM procedure, just like Start-up X and Talkdesk do at the moment.

5.4.8 Career Management

Career management it is one of the less explored areas in the three start-ups participants. Nonetheless, Ries (2011) states that specially in start-ups, for whom innovation is key, it is crucial to manage the career of creative managers, since they will be more productive creating new products, rather than work monitoring its progress and optimization. In the case of Start-up X and Talkdesk they do not have a career model defined. Even if Talkdesk denotes some attention to the topic, being possible to identify career developments in some employees who have been there more than a year, who have now the responsibility of team management. In contrast, Science4you involve managers in promotion, succession and backups definition, existing already a career model defined (Appendix III – Figure 8), which also takes into account the inputs of HRM. This difference from other start-ups participants could be related to the maturity of Science4you. This way, Science4you have a better plan of its structure, being easier to know which employees perform core functions and that should be retained within the organization.

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5.4.9 Health and Safety

Health and Safety in start-ups is seen as a legal obligation, which means that the focus is at the level of meeting the requirements of it. This way, in Science4you and Talkdesk which is related to health and safety is a responsibility of HRM area and in Start-up X it is a co-founder responsibility.

5.4.10 Administrative Management Staff

In which regards the area responsible for organizing the management of employees' work, start-ups participants assume it as a set of necessary procedures that should be implemented in order to keep things running. Science4you has those tools centralized in HRM technician, which involve vacation tracking calendar, contracts and travels. Start-up X has administrative issues centralized on the co-founder. On the other hand, administrative topics in Talkdesk were solved organically without procedures clearly defined. Things such as holiday marking and contracts are being made with proper attention since the head of HRM integration.

From this overview about HRM practices that are implemented by start-ups participants, it could be concluded that there are some HRM practices that present a greater homogeneity. In this sense, *Leadership, Integration and Socialization, Reward System and Benefits* and *Health and Safety* practices are the ones that show more similarities in the way they are developed in start-ups participants. On the other hand, HRM practices related to *Internal Communication, Performance Appraisal, Career Management* and *Administrative Management Staff* are the ones that present greater differences, which could suggested by different levels of maturity between start-ups participants and their different dimensions. Those differences could be identified in the number of activities that are developed in each HRM practice and in their different levels of formalization. Also, differences in *Recruitment and Selection* and *Training and Development of the Potential* practices tend to be more related to the different environments in which each start-up participant operates. Since start-ups participants operate in different business sectors, they tend to adjust their HRM practices to those conditions, in addition to dimension and maturity factors.

6. Conclusions

Over this dissertation it was studied the role that HRM plays in start-ups, analysing issues such as its integration; reasons, advantages, obstacles and risks associated to it and lastly the HRM practices most valued by start-ups.

Despite the fact of dealing with a small sample in this study, more specifically three start-ups participants, the objective of it is not the generalization of the conclusions to the start-ups universe, nor even to the universe of Portuguese start-ups. In this sense, the main objective is to have the opportunity to better listen and in more detailed way what start-ups participants have to tell us about their HRM.

6.1 General Conclusions

The present study contributes to reinforce the importance that HRM has in companies, particularly in start-ups. This thought is quite disseminated in large companies, with a lot of research regarding the managing of people in those firms. However in start-ups this though is still far to be recognized by all, since HRM could be associated to bureaucratic activities.

To better understand the information and the conclusions of the study, it was considered interesting to characterize first this kind of companies because they present distinctive characteristics from common small companies. In addition to the willingness to pursue new business opportunities (Stevenson & Jarillo, 1990), that have potential to be repeatable and scalable (Blank, 2010), under extreme conditions of uncertainty (Ries, 2011), start-ups participants pointed out some other characteristics. Thus, start-ups are companies that have few years of activity and an objective of rapid growth and global, being unpredictability and volatility two constants in their day-to-day operations. It was also highlighted that start-ups tend to have a specific working method, due to its initial phase, processes are not very established and structures are being built as the company evolves. Most of start-ups are composed by young teams, which promote new ways of doing things because they tend have less professional experience and this will influence the way they think and act. Since they are not familiar with other processes, they will create features more appropriate to company's reality and they will have more propensities to take risks. Some start-ups are a result of competition of ideas, or others forms of entrepreneurship incentives, with a financing method extremely related to investment rounds and venture capitals. Consequently to this process of evolution and

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growth, entrepreneurs consider that every day is a learning moment. Finally, start-ups tend to focus its activity in a single product or service that they want to deliver to the market.

Based on all research, it could be concluded that start-ups see HRM, as a management function, that has relevance and that is taken into account in their strategic decisions. A reflex of this is the way start-ups participants integrate HRM activities in their structures, gradually and as a natural process. The formalization of HRM function tends to occur in initial growth stages, mainly when the formalization of processes in other areas of the company takes place. Regarding the type of control of HRM, it tends to be centralized in companies that are facing rapid growth stages, in order to ensure that people-related issues are not forgotten. The same seems to happen in terms of formalization, as the company moves forward in years of activity, it tends to recognize the need to invest in HRM, hiring a specialized person in the area. In this phase, companies tend to have a growing number of employees, which justifies the investment, and better financial conditions, since they are more established in the market in which they operate. When assigning more resources to HRM area, the choice falls to develop the area internally by hiring and not using external services such as consultancy.

Concerning the motivations that leads start-ups to implement a more formalized model of HRM were identified three main reasons. The first is the *Growth*, not only the growth of the team that had so far, but also the growth objective in which recruitment will be a great help to achieve it. In second place emerge the *Need for Centralization*, as way to ensure that information is not dispersed or lost by having multiple interveners. The third reason, *Detect and Prevent Problems*, is appointed especially because HRM will have this capacity in larger companies where the founders may not be able to have this global vision of the organization. Moreover, the opinion about HRM function is so positive, being seen a facilitator to achieve the company's strategy, that start-ups participants have pointed out several advantages. Namely, *Reducing Managers and Founders Workload*, *Centralize* information and have *Expertise and Specialized Knowledge* in HRM internally, that will transversally *Facilitate the Workflow* at the company. Although little valued by start-ups participants the obstacles and risks associated to it, were mentioned as risks the *Centralization in one Person* and the *Risk of Failure in the Recruiting* of a person to the area, whereas regarding obstacles was only mentioned the *Hierarchy Creation*.

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HRM practices are the most visible form of HRM in companies. Particularly in start-ups those practices tend to be developed internally, whose formalization tend to be associated with the number of years of activity of the firm. Moreover, it is notorious a preference to implement practices related to growth issues, such as *Recruitment and Selection* and to relational issues, namely *Training and Development of the Potential*, *Leadership*, *Internal Communication* and *Integration and Socialization*. These are the practices that evidence to be more present in start-ups, as well as being the most developed and more strategic to start-ups, as stated by Dal Zotto and Gustafsson (2008). *Performance Appraisal* is one of the practices commonly designated as strategy, however it requires a careful process of identification of competences and metrics to be evaluated and therefore, it tends to be more present in companies with more years of activity with a structure of HRM more formalized. Other HRM practices like *Reward System and Benefits*, *Health and Safety*, *Career Management* and *Administrative Management Staff* tend to be less explored. This could be associated with the fact that these HRM practices are considered less interesting and impactful in organizations, since they deal with administrative or bureaucratic aspects HRM.

Answering to a major issue about start-ups' awareness about HRM importance, which encompasses all this study, it could be concluded that start-ups are aware of this management function importance and sensitive to this theme. Start-ups tend to recognize the relevance of having a SHRM, aligning business strategy and HRM strategy (Batt, 2007). Notably in start-ups, to which this alignment will provide internal ability to adapt and adjust (De Saá Pérez & García Falcón, 2004), crucial when dealing with uncertain environments and with companies that have few resources and that are focused on a single product or service, as is characteristic of startups.

6.2 Limitations and implications

6.2.1 Limitations

Being a case study research using qualitative methods, it has its own limitations. Subjectivity of the researcher and difficulty in reproducing the same results are characteristics of these methods, although a CSP were developed and followed along the research process in order to overcome those weaknesses (Yin, 2009). Moreover, as recommended when analyzing qualitative data, a content analysis was used and a coding validation was done (Bardin, 2009).

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Regarding the sample used, it could be considered as a small sample when doing a multi case study (Yin, 2009). Also, the convenience sampling is considered as the least robust technique by Marshall (1996), which could impact on data quality and in its intellectual credibility. Those conditions limit the possibilities of generalizations, pattern or theory creation. It could be only interpreted as an insight or a basis for further researches in a less explored area in Portugal and internationally.

Other limitation is related to the existent literature *per se*. As a recent topic, mostly investigated since 2000 (Dabic *et al.*, 2011), it is uncommon to find HRM combined with entrepreneurship, and more difficult with start-ups (Keating & Olivares, 2007).

6.2.2 Implications for future research

In a research topic less combined such as HRM in start-ups (Keating & Olivares, 2007), there are several pertinent areas that research should cover in the next years as a way to close the existent gaps. In this sense, it would be interesting to have a deeper understanding of four main research fronts.

Firstly, close the existent gap in the literature by investing in the creation of comprehensive theoretical models, going beyond the several empirical studies already developed (Dabic *et al.* (2011). Thus, expand from entrepreneurship and study also start-ups as a target of research, in order to allow comparison between start-ups and established companies.

Secondly, get a deeper understanding of the start-ups community in Portugal, knowing their characteristics it will allow also comparisons between countries and between sectors in different countries, such as the Irish study developed in high-tech start-ups by Keating and Olivares (2007).

Thirdly, expand the intellectual credibility of the studies in this area, using other research techniques in addition to case studies that tend to raise question around subjectivity. Introducing other techniques, it will enable to make repeatable and longitudinal studies, and it can also allow making and it can also allow generalizations with larger samples.

Fourthly, evolve in the analysis of the theme, starting more complete analysis of the role of resources, involving the measure of HRM impact in company performance. In this field, it would be also useful research in HRM practices in the context of start-ups, as a way to better understand this particular context and to generate relevant information to start-ups, helping them to survive and adapt to an environment of uncertainty.

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Appendixes

Appendix I – Case Study Protocol

1. Case study overview

1.1 Subject

Identify what is developed by human resource management in start-ups, what are the drivers behind it and which practices are implemented by them.

1.2 Title

The HRM in start-ups: a multi case study.

1.3 Assumptions

Start-ups, as new firms established in order to pursue a new business opportunity, which are only certainty that they will operate in an uncertain environment, is a subject of growing interest both by the scientific community and society in general. In Portugal and accordingly with Informa D&B (2013) start-ups represent 6,5% of the fabric business and 18% of the jobs created each year, also around 18.000 start-ups are created each year. In which regards human resource management, an area very important in companies, it is a theme more common in literature but underexplored in start-up's context. Keating and Olivares (2007) confirm that human resource management and entrepreneurial research have rarely been combined in the literature and that there is not a good theoretical basis in the area.

According with was above-mentioned, it seems significant to explore this kind of firms and to deepen aspects such as:

- a) Develop and disseminate information about what are and what characterizes start-ups.
- b) Improve support for start-ups and potentiate the synergies that can be created between them.
- c) Increase the resource base of start-ups and their survival rate.
- d) Study strategic areas of a start-up company (study focus).
- e) Know which practices are implemented by start-ups (study focus).

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1.4 Case study objectives

The multi case study has the following objectives:

- a) Identify the main topics existing on literature about start-ups, human resource management and mainly, the existing knowledge about human resource management in start-ups.
- b) Understand the reality of human resource management in start-ups, what motivated them to develop this area and what are the key practices that start-ups are developing.

1.5 Research problem

Identify how was the integration of human resource management in three specific start-ups, what were the reasons for this integration and what are the practices that they are implementing now.

1.6 Research questions

- a) How was the integration of human resource management in those start-ups, which is the role that human resource management plays in start-ups?
- b) Why was implemented human resource management in those start-ups?
- c) What are the practices that start-ups value the most and that they are implementing?

1.7 Theoretical propositions

Main conceptual aspects identified in literature about start-ups and human resource management:

- 1. Start-up;
 - 1.1 Incubator;
 - 2. Human resource management;
 - 2.1 Human resource Management practices;
 - 2.1.1 Leadership and Internal communication;
 - 2.1.2 Integration and socialization;
 - 2.1.3 Training and development of the potential;
 - 2.1.4 Reward system and benefits;
 - 2.1.5 Performance appraisal;
 - 2.1.6 Health and safety;
 - 2.1.7 Recruitment and selection;
 - 2.1.8 Career management;
 - 2.1.9 Administrative management staff.

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1.8 Work Structure

1. Multi case study: general company characterization.
2. Findings and discussion: cross-case analysis according to research questions, confronting with the literature.
3. Research questions analysis.
4. Conclusions.

1.9 Personnel involved

Researcher: Catarina Macedo Ciríaco

Supervisor: Professor Alzira Duarte

2. Procedures adopted in research work

2.1 Methodological aspects

It is a dissertation that follows a methodology based in a multi case study.

2.2 Target sector

Firms designated as Start-ups, which fulfil the following criteria:

- being considered start-ups by public domain;
- an organization formed to search for a repeatable or scalable business model;
- having less than ten years of existence;
- and finally, the size of the start-up, in which were considered start-ups with a dimension equal to or higher than 10 employees.

2.3 Start-ups

The start-up companies selected and that accepted the invite to participate in this case study are: Science4you S.A., Start-up X and Talkdesk.

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2.4 Data collection

Data collection was done through the application of an in-depth interview as a qualitative research method that follows a semi-structured format (Section D).

In addition to the data collection, it was developed a previous and important work of contacts with the start-ups. First, it was sent an e-mail with a cover letter and a request for collaboration (Section A). After that was made a contact telephone with the objective of clarify doubts about the study, provide further information and schedule the interview to collect the data. Also, all the participants signed an adhesion letter to the study and use of data permission (Section B).

Last, but not less important it was designed another instrument, the guiding questions for the case study (Section D), that identify the key topics about will be crucial to collect information about. This instrument it is structured in three main parts: (1) General company information; (2) Company organization in terms of human resource management and (3) Human resource management in the company.

2.5 Data sources

a) Primary sources

CEOs or co-founders of Science4you, Start-up X and Talkdesk.

b) Secondary sources

External: articles and others media publications in general related to Science4you, Start-up X and Talkdesk.

2.6 Data collection tools

a) Primary sources

Data were collected throughout the conduct of interviews with CEOs or co-founders of the participants' start-ups, Science4you, Start-up X and Talkdesk. These interviews were semi-structured and based on the interview script in Section D.

b) Secondary sources

These data were collected from external sources of the participants' start-ups, Science4you, Start-up X and Talkdesk.

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2.7 Interviewees characterization

Start-up: Science4you.

Name: Miguel Pina Martins.

Age: 30 years old.

Qualifications: Degree in Finance and Master Degree in Management.

Experience: 7 years as CEO of Science4you.

Job title: CEO.

Interview date: 30th June 2015.

Interview local: Science4you Headquarters at Alameda das Universidades, TecLabs.

Interview length: 20 (twenty) minutes.

Start-up: Start-up X.

Name: Co-founder Y⁵.

Age: 25 years old.

Qualifications: Degree in Management.

Experience: 1 year of experience in a previous start-up and 1 year and an half in the actual function.

Job title: Manager of Operations.

Interview date: 6th July 2015.

Interview local: Start-up Headquarters at Avenida da Liberdade, nº230.

Interview length: 55 (fifty) minutes.

Start-up: Talkdesk.

Name: Cristina Fonseca.

Age: 25 years old.

Qualifications: Degree and Master in Network and Telecommunications.

Experience: 2 years as research at university and 4 years as co-founder of Talkdesk, leading the operations in Portugal.

Job title: Co-founder.

Interview date: 7th July 2015.

Interview local: Talkdesk headquarters in Tagus Park, Build II.

Interview length: 45 (forty five) minutes.

⁵ Anonymity required for the name of the respondent. The respondent is called hereinafter as “CEO Y”.

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3. Theoretical concepts and definitions

Theoretical concepts	Conceptualizations of the author
Start-up	Is an organization formed to search for a repeatable and scalable business model, throughout the creation of new combination ins the market.
Incubator	Is a collaborative program designed to help new start-ups succeed, by providing workspace, seed funding, mentoring and training.
Human resource management	Is the area in an organization that leads with organization's employees, that covers the entire activities related to the management of employment relationships in the firm.
Human resource management practices	Is the way of implementing the human resource management strategy in a company, through programs, processes and activities.
Internal communication	Is the sharing of information within an organization.
Integration and socialization	Is a process in which is intended to incorporate an individual or a group in a company, throughout the acquisition of attitudes, behaviours and knowledge needed to successfully participate as an organizational member.
Training and development of the potential	Is the process of learning the skills that you need to do a job and the acquisition of abilities that the organization will need in the future.
Reward system and benefits	Is the system that defines what a company gives to its employees as a way of compensating them for their work.
Performance appraisal	Is the process by which the employee performance is evaluated by being compared with preset standards.
Health and safety	It is the organized efforts and procedures for identifying workplace hazards and reducing accidents and exposure to harmful situations and substances.
Recruitment and selection	Is the process of attracting and choosing candidates for employment.
Career management	Is the process of career planning of the employees within the organization.
Administrative management staff	Is the area responsible for organizing the management of the work of employees.

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4. Interview script

As stated in Methodology and Research Process, the interviews followed a semi-structured format interview, so an in-depth interview script was designed (Section D).

To elaborate the interview script it was followed the structure and the key topics defined by the guiding questions for the case study (Section C), so that, the interview script follows a similar structure.

Firstly, it has an initial part of characterization of the interview and the company, which has the objective of collect general information about the company. Secondly, the questions are related to the company organization in terms of human resource management. Thirdly, the interview script has appropriate questions at the level of formalization of human resource management shown in the previous questions, thus assuming two derivations: formal human resource management and informal human resource management. In this last part, questions pretend to understand the origin of human resource management in the company, what it already done and what are the main objectives for the future of this area at the company.

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5. Plan

Dates	PHASE	OBJECTIVE	SECTION OF THE PROTOCOL
1 st to 15 th June 2015	1 st – Contact with the start-ups	Present the study. Ask for collaboration in the study. Also, define the main interlocutor and collect some documentation.	Section A – Cover Letter and Collaboration Request.
15 th to 26 th June 2015	2 nd – Contact with the start-ups	Identification of the interlocutor proposed by the company and schedule the meeting/visit.	(Made by telephone contact)
1 st to 26 th June 2015	3 rd – Interview preparation	Preparation of the use of data permission; Determination of the required data; Elaboration of the questions that support the study (addressed to the researcher); Preparation of the interview script.	Section B – Adhesion Letter to the Study and Use of Data Permission; Section C – Guiding questions for the Case Study; Section D – Interview Script.
30 th June to 7 th July 2015	4 th – Interviews Conduction	Collecting data through the conduction of the interviews with the main interlocutor.	Section D – Interview Script.
8 th to 24 th July 2015	5 th - Preparation of data presentation plan for each case study	Determination of the based descriptive elements. Case study <i>layout</i> definition.	
27 th July to 31 st August 2015	6 th – Analysis plan and case studies discussion	Case studies analysis according to literature review and research questions defined.	Chapter 5 - Findings and Discussion.

6. Data analysis

The data analysis was made through the application of qualitative content analysis techniques, since the three interviews have produced a lot of valuable verbal information. To better handle the data were used two programs: F4 and MaxQda, the first helpful in the transcription of the audio recordings and the second useful to the data analysis and coding.

7. Case Study Design

Regarding the content of the Case Study it will be presented in two different chapters of the study. The first one, Chapter 4 – Multi Case Study, will contain the history and the characterization of each start-up participant. The second one, Chapter 5 – Findings and Discussion will be structured according to the research questions and will compare start-ups participants information to the existing knowledge in the literature.

Section A - Cover Letter and Request for Collaboration.

Catarina Macedo Ciríaco
ISCTE Business School
Avenida das Forças Armadas
1649-026 Lisboa

Ex.mo(a) Sr(a). [Dirigido ao CEO ou Co-fundador da Empresa]

Assunto: Pedido de colaboração em Tese de Mestrado

Sou aluna do *MSc. in Business Administration*, Mestrado em Gestão de Empresas, lecionado pela ISCTE Business School. Encontro-me neste momento a desenvolver a dissertação de mestrado, necessária à conclusão do mesmo.

Efetivamente, é cada vez mais expressiva a importância das *start-ups* no tecido empresarial português bem como o impacto que geram na sociedade em que estão inseridas. As *start-ups* são responsáveis por cerca de 18% do emprego criado em cada ano e só em 2013 foram criadas perto de 19.000 *start-ups* em Portugal.

Neste sentido, a investigação que estou a desenvolver, procura focar-se no estudo dos modelos e práticas de gestão de pessoas nas *start-ups*, a partir de um estudo multi-caso, tendo selecionado a **[designação da empresa]**.

Para tal peço a sua disponibilidade ou, em alternativa, que me indique a pessoa que por sua indicação me possa conceder uma entrevista e facultar o material necessário à realização do estudo.

Contactá-lo-ei em breve com o objetivo de combinar o local e a ocasião mais oportuna a ambos para a sua realização.

Consciente de que o seu tempo é valioso, agradeço antecipadamente a sua atenção.

Mestranda:

Catarina Ciríaco
Tlm. (+351) 91 515 81 35
catarinaciriaco@hotmail.com

Orientadora da Tese:

Professora Alzira Duarte,
Assistente no ISCTE-IUL

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SECTION B - Adhesion Letter to the Study and Use of Data Permission

Ex^{mo(a)}. Sr(a). _____

Foi convidado(a) a participar num projeto de investigação conduzido por Catarina Ciríaco, mestrando da ISCTE Business School (MSc. in Business Administration), Av. das Forças Armadas, 1649-026 Lisboa. Este projeto é orientado pela Professora Alzira Duarte, Assistente na ISCTE Business School. A informação que se segue pretende ajudá-lo(a) a decidir a participar ou não no estudo.

Este projeto tem como enfoque a Gestão de Recursos Humanos nas *Start-ups* e é minha intenção investigar esta temática, tendo selecionado para o efeito a **[designação da empresa]**.

A entrevista será presencial e terá uma duração aproximada de 1 hora. Ser-lhe-ão colocadas uma série de questões sobre a Gestão de Recursos Humanos da **[designação da empresa]**, práticas e resultados. Como forma de facilitar o tratamento da informação recolhida, a entrevista será gravada e transcrita na íntegra. Na tese, serão utilizadas exclusivamente unidades significantes do discurso.

Considero que, cumpridas as questões éticas e deontológicas, subjacentes a um estudo com estas características está salvaguardado qualquer risco a ele associado. Contudo, disponibilizo-me para em qualquer momento reconsiderar a vossa participação e facultar o texto final do presente estudo no que remete para os elementos descritos.

Gostaria de ao longo do trabalho, poder utilizar a designação da empresa, o seu nome e cargo. No entanto, este não será um fator de exclusão à participação no estudo, podendo assim autorizar ☐ ou não autorizar ☐ a divulgação da designação da empresa, do seu nome e cargo. Caso deseje manter a confidencialidade, poderá definir a forma como deseja ser referido de modo a garantir um nível de anonimato satisfatório.

Caso o pretenda, será facultada uma cópia do presente documento.

Compreendo a informação acima e consinto voluntariamente em participar no projeto de investigação sobre Gestão de Recursos Humanos nas *Start-ups*.

Assinatura do(a) Entrevistado(a): _____

Assinatura da Mestranda: _____

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Section C - Guiding questions for the Case Study

1. GENERAL COMPANY INFORMATION

	<i>Item</i>	<i>Objective</i>	<i>Sources</i>
1.	Company name	Company designation.	Documentation.
2.	Business sector	Business sector in which the company activities are inserted.	Site, documentation.
3.	Activities and Services	Activities and services related to the main activity and/or secondary.	Site, documentation.
4.	Location	Headquarters and other locations where it is present.	Site, documentation.
5.	Characterization	☐ National ☐ Multinational	Documentation.
6.	Legal status	☐ A single owner. ☐ Private limited company. ☐ Limited company. ☐ Partnership. ☐ Other. Which one?	Site, documentation.
7.	Number of years of activity	_____ years.	Site, documentation.
8.	Organizational structure	Organizational structure of the company and its relationship with the human resource management. Identify those who are responsible for the area and its team.	Interviewee, documentation (organization chart).
9.	Financial performance	Current financial situation. Key financial indicators. Economic objectives of the company.	Interviewee, documentation, (balance sheet).
10.	Human resource management structure	Number of employees (by gender, age, employment status and length of service).	Interviewee, Documentation (balance sheet).
11.	Mission, vision and values	Identify the mission, vision and values of the company and how they are transmitted and lived inside and outside the company.	Interviewee, site.
12.	Historical evolution	Company history summary, major landmarks and evolution of number of employees, sales and assets. Analysis of the current state of development.	Interviewee, documentation.
13.	External environment	Main characteristics of the sector. Competitive development of the sector, identification of the main competitors and respective weight.	Interviewee, documentation.

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2. COMPANY ORGANIZATION IN TERMS OF HUMAN RESOURCE MANAGEMENT

	<i>Item</i>	<i>Objective</i>	<i>Sources</i>
1.	Integration of human resource management in the company	Identify the existence of a department dedicated to human resource management. Identify the person responsible for human resource management and assess the existence of a team dedicated to this area.	<i>Interviewee, documentation.</i>
2.	Human resource management plan	Determine the existence of a human resource management plan and its own budget dedicated to it.	<i>Interviewee.</i>
3.	Strategic integration of human resource management	Identify if human resource management is included in the company's strategy and how.	<i>Interviewee.</i>
4.	Human resource management visibility	Determine whether the human resource management and its activities are visible to other members of the company. Identify the instruments used for its communication. E. g .: ☐ Website ☐ Intranet ☐ Internal newsletter ☐ Socialization activities ☐ Informally ☐ Others. Which ones?	<i>Interviewee.</i>

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3. HUMAN RESOURCE MANAGEMENT IN THE COMPANY

	<i>Item</i>	<i>Objective</i>	<i>Sources</i>
1.	Human resource management concept	Assess what is human resource management for the company.	<i>Interviewee.</i>
2.	The origin of human resource management in the company	Identify the reasons and /or needs that motivated the creation of this area or the assigning of this area to a responsible (answer to why) and when this consciousness happens (answer to when). Specify the initial objectives of this option (answer to what). Understand what were the obstacles found along the way.	<i>Interviewee.</i>
3.	Present moment of human resource management	Identify the activities that are currently allocated to the area or to the responsible for human resource management. Additionally, realize what are the objectives intended to be achieved with them.	<i>Interviewee.</i>
4.	Achieved results	Determine the objectives achieved with human resource management. Consequently, identify the advantages, benefits and disadvantages resulting from human resource management.	<i>Interviewee.</i>
5.	Human Resource Management Practices	Leadership and internal communication. Integration and socialization. Training and development of the potential. Reward system and benefits. Performance appraisal. Health and safety. Recruitment and selection. Career management. Administrative management staff.	<i>Interviewee.</i>
6.	The future of human resource management in the company	Identify the human resource management objectives in the company and what are the human resource management practices to be developed in the future.	<i>Interviewee.</i>

SECTION D – Interview script to the Founders or Co-Founders

Designação da Empresa:

Local:

Data:

Caracterização do entrevistado

1. Nome
 2. Função
 3. Antiguidade na empresa
 4. Antiguidade no cargo
 5. Idade
 6. Habilitações
 7. Pedia-lhe que me explicasse quais são as suas principais responsabilidades no âmbito da sua função e de que forma é que estas estão relacionadas com a gestão de recursos humanos.
-

Q1. Gostaria que me contasse a história da fundação da empresa (fundadores, oportunidade de negócio perseguida, objetivos da empresa).

Q2. Quais as principais metas e prioridades da empresa (curto, médio e longo prazo)?

Q3. Qual é a missão, visão e os valores da empresa?

Q4. Considera a [designação da empresa] uma *start-up*? Porquê?

Q5. Para si, como se define uma *start-up*?

Q6. Como é a estrutura da [designação da empresa] em termos de recursos humanos (estrutura organizacional, número de colaboradores por género, idade, vínculo contratual, antiguidade na empresa)?

Q7. O que é a Gestão de Recursos Humanos para a [designação da empresa]?

Q8. Existe alguma estrutura própria na [designação da empresa] dedicada à gestão de recursos humanos ou responsável por esta área? (Desde quando? Como surgiu? Porque foi criada (razões motivadoras)? De quem depende em termos de Administração?)

Caso exista uma estrutura própria na [designação da empresa] dedicada à gestão de recursos humanos, ou um responsável pela área, devem ser consideradas as questões da coluna “Gestão de Recursos Humanos Formal”, caso contrário devem ser consideradas as questões da coluna “Gestão de Recursos Humanos Informal”.

Gestão de Recursos Humanos Formal

Q9. Existe um plano de recursos humanos e orçamento dedicado à gestão de recursos humanos? Se sim, quem o elabora e quais as principais atividades que o mesmo contempla?

Gestão de Recursos Humanos Informal

Q9. Quais considera serem os principais motivos para que a [designação da empresa] não possua uma área ou um responsável dedicado à gestão de recursos humanos?

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Gestão de Recursos Humanos Formal	Gestão de Recursos Humanos Informal
Q10. Considera que a gestão de recursos humanos se encontra integrada na estratégia da empresa? Se sim, de que forma? Q11. Quais as razões que levaram à criação da área de recursos humanos ou à atribuição desta área a um responsável? Q12. Quando é que a [designação da empresa] sentiu a necessidade de a criar ou de a atribuir a um responsável e quais os objetivos iniciais? Q13. Foram sentidos obstáculos ao longo do processo de criação desta área ou de atribuição a um responsável? Quais? Q14. Atualmente, quais são as atividades que estão alocadas à área de gestão de recursos humanos? Q15. Quais os objetivos que pretendem ser alcançados com as atividades presentes? Q16. Em que áreas/práticas da gestão de recursos humanos é que a empresa intervém? O que tem feito no âmbito de cada uma delas? (e.g. liderança e comunicação interna; integração e socialização; formação e desenvolvimento do potencial; recompensas e benefícios; avaliação de desempenho; higiene e segurança; recrutamento e seleção; gestão de carreiras e gestão administrativa de pessoal.). Q17. Quais os meios utilizados para comunicar as atividades da gestão de recursos humanos (e.g. <i>website</i>, <i>intranet</i>, <i>newsletter</i> interna, atividades de socialização, informalmente)? Q18. Dada a existência desta área, quais considera serem as vantagens e benefícios alcançados com a gestão de recursos humanos? Q19. Quais as desvantagem(ns), custo(s) ou risco(s) que associa à gestão de recursos humanos da empresa? Q20. Como perspetiva a evolução da gestão de recursos humanos na empresa? Q21. Quais os objetivos futuros da gestão de recursos humanos da empresa? Q22. Existe alguma questão que gostasse de complementar ou que considere pertinente e que não lhe tenha sido colocada?	Q10. Considera que a [designação da empresa] irá sentir a necessidade de desenvolver e/ou formalizar a gestão de recursos humanos no futuro? Se sim, quando e porquê? Q11. Quais as áreas/práticas que planeia vir a desenvolver no futuro no âmbito da gestão de recursos humanos? Q12. De que forma é que a [designação da empresa] lida com problemas ou temáticas tipicamente associadas à gestão de recursos humanos? (e.g. liderança e comunicação interna; integração e socialização; formação e desenvolvimento do potencial; recompensas e benefícios; avaliação de desempenho; higiene e segurança; recrutamento e seleção; gestão de carreiras e gestão administrativa de pessoal.) Q13. Considera que a [designação da empresa] possui uma gestão de recursos humanos informal? Q14. Considera importante para uma <i>start-up</i> ter uma área ou um responsável pela gestão de recursos humanos? Porquê? Q15. Caso considere importante para uma <i>start-up</i> ter uma área ou responsável pela gestão de recursos humanos, em que fase da <i>start-up</i> é que lhe parece necessário o seu desenvolvimento? Q16. Quais as vantagens e benefícios que associa à gestão de recursos humanos numa <i>start-up</i>? Q17. Quais as desvantagens, custos ou riscos que associa à gestão de recursos humanos numa <i>start-up</i>? Q18. Quais considera serem os principais obstáculos que uma <i>start-up</i> enfrenta na criação de uma área dedicada à gestão de recursos humanos, ou na atribuição dessa responsabilidade a um elemento da mesma? Q19. Como perspetiva o desenvolvimento da gestão de recursos humanos nas <i>start-ups</i>? Q20. Existe alguma questão que gostasse de complementar ou que considere pertinente e que não lhe tenha sido colocada?

Obrigada pela sua colaboração.

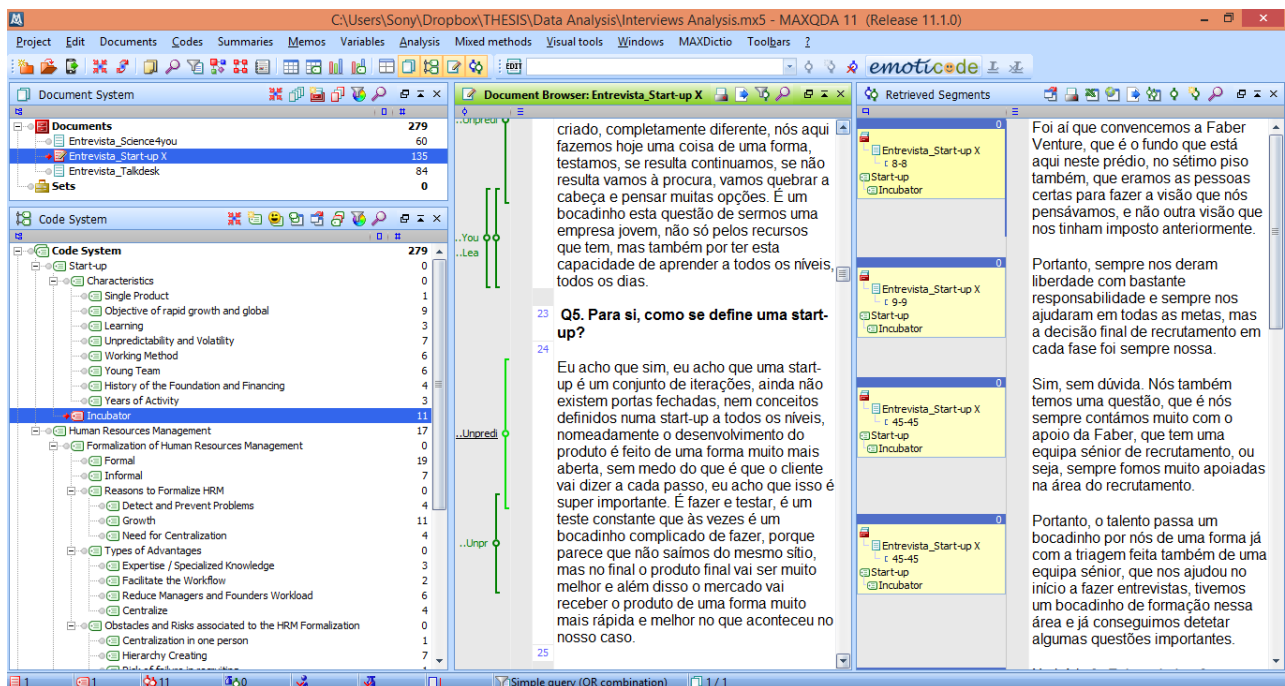
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Appendix II – Treatment and Data Analysis

Figure 2 – F4 Program Example, used to transcribe the interviews recorded.

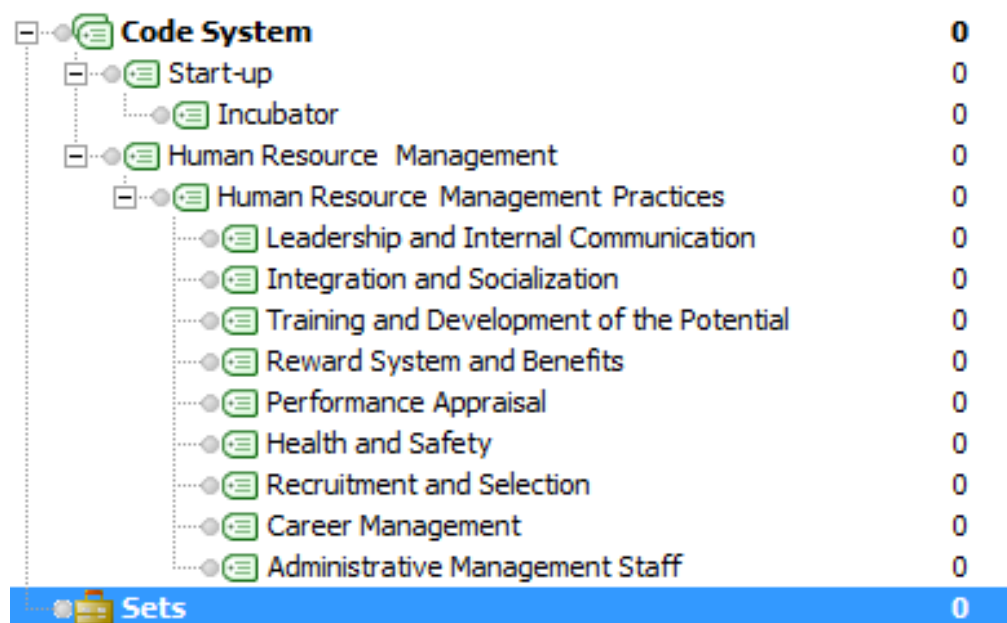


Figure 3 – MaxQda Program Example, used to codify and analyze the interviews



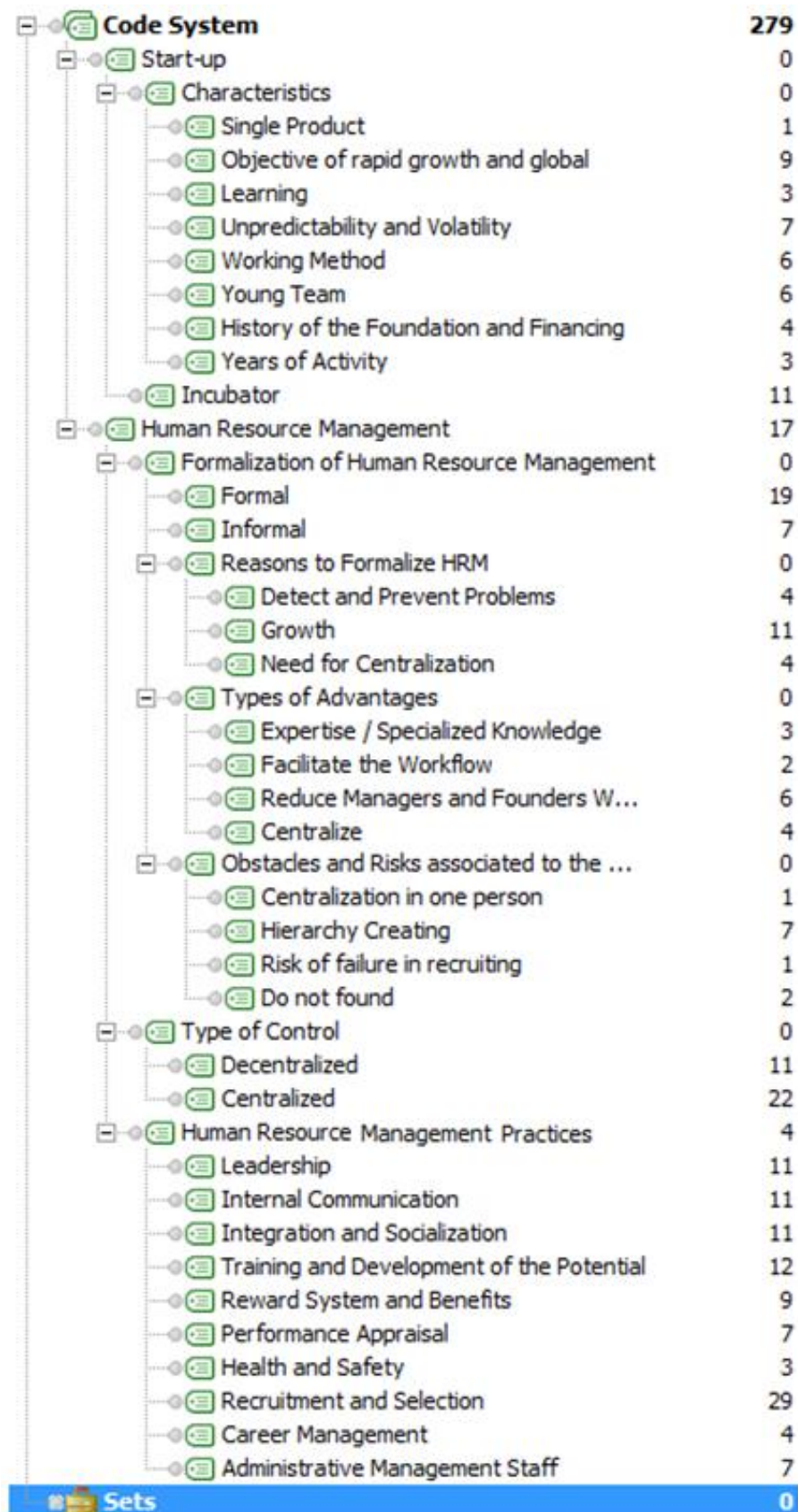
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Figure 4 – Initial coding system example – MaxQda Program



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Figure 5 – Final coding system example – MaxQda Program



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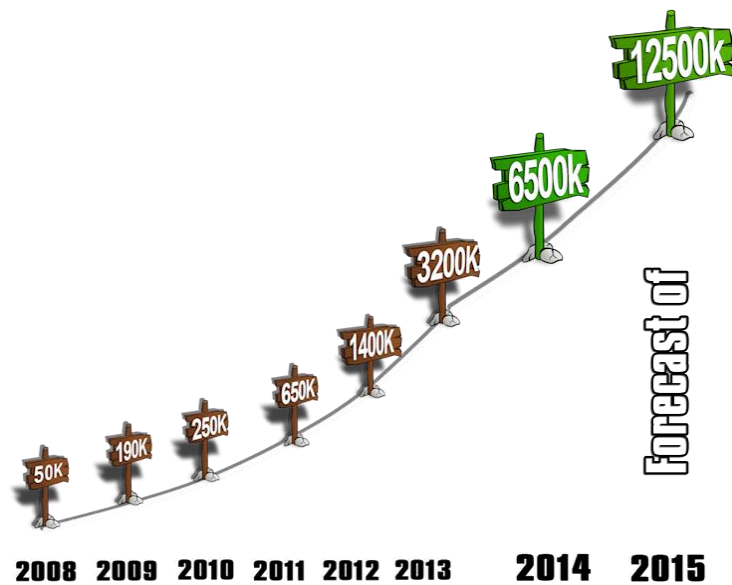
Table 8 – Output of MaxQda program example (1st order code “Characteristics” and 2nd order code “Objective of rapid growth and global”)

Document	Code	Segment
Entrevista_Science4you	Start-up\Characteristics\Objective of rapid growth and global	é internacionalizar neste momento, internacionalizar é o tema total.
Entrevista_Science4you	Start-up\Characteristics\Objective of rapid growth and global	O maior crescimento que se notou foi provavelmente no ano em que passámos de 1.2 milhões para 3.4, acho que foi ali um ano que se notou muito, este ano nota-se muito também uma evolução grande, fizemos 6.5 o ano passado, este ano estamos aqui a apontar para os 12 milhões.
Entrevista_Start-up X	Start-up\Characteristics\Objective of rapid growth and global	O nosso objetivo é crescer.
Entrevista_Start-up X	Start-up\Characteristics\Objective of rapid growth and global	Crescer, mas sempre de forma sustentável.
Entrevista_Start-up X	Start-up\Characteristics\Objective of rapid growth and global	Nós pensamos em duplicar a equipa até ao final do ano e depois durante 2016 podermos crescer o máximo possível.
Entrevista_Talkdesk	Start-up\Characteristics\Objective of rapid growth and global	Objetivo de crescimento muito rápido, um único produto, um <i>focus</i> muito específico, com objetivo de crescimento rápido e global. Não estamos a vender ali para a esquina.
Entrevista_Talkdesk	Start-up\Characteristics\Objective of rapid growth and global	Uma <i>start-up</i> é uma empresa, cuja ideia tem um potencial global, cujo objetivo é crescer rápido, portanto um café não é uma <i>start-up</i> , com um objetivo de não crescer.
Entrevista_Talkdesk	Start-up\Characteristics\Objective of rapid growth and global	Uma <i>start-up</i> é para crescer rápido, mercado internacional, acho que são mais ou menos essas as características.
Entrevista_Talkdesk	Start-up\Characteristics\Objective of rapid growth and global	Neste momento o nosso objetivo é de crescimento mais acelerado.

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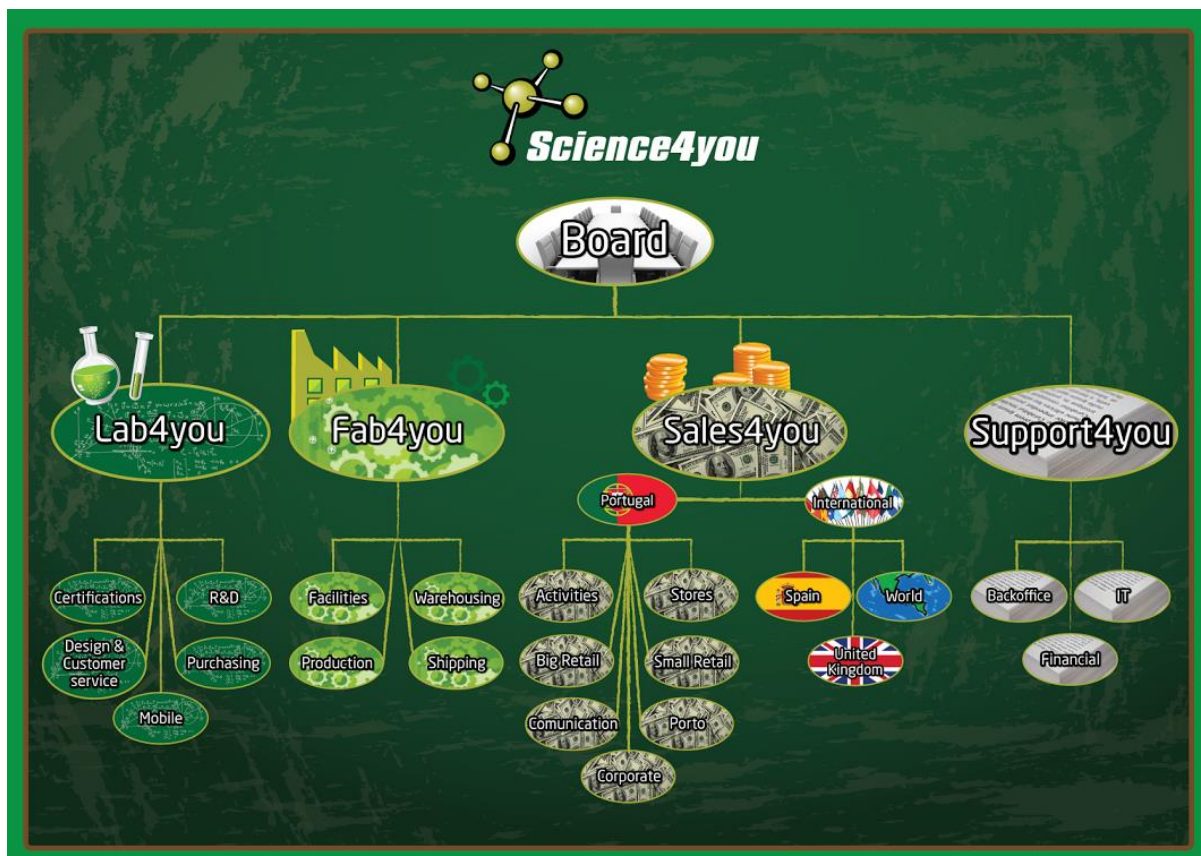
Appendix III – Science4you data

Figure 6 – Evolution of Science4you's growth (in Millions of Euros)



Source: Science4you website 2015

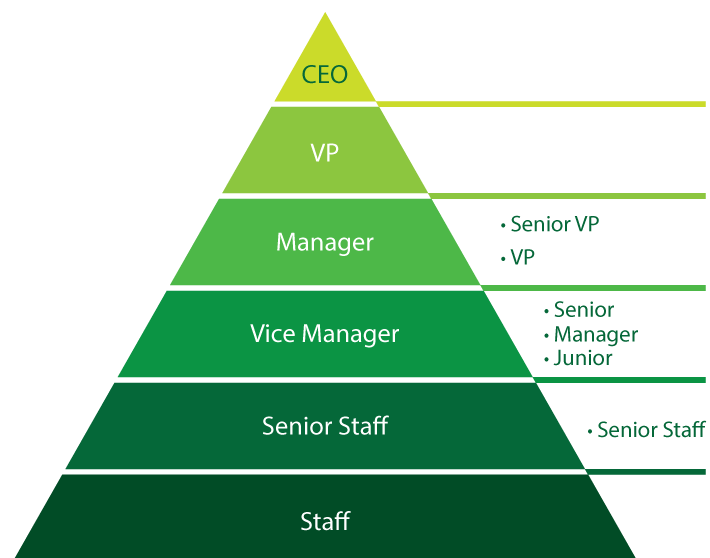
Figure 7 – Science4you organogram



Source: Science4you

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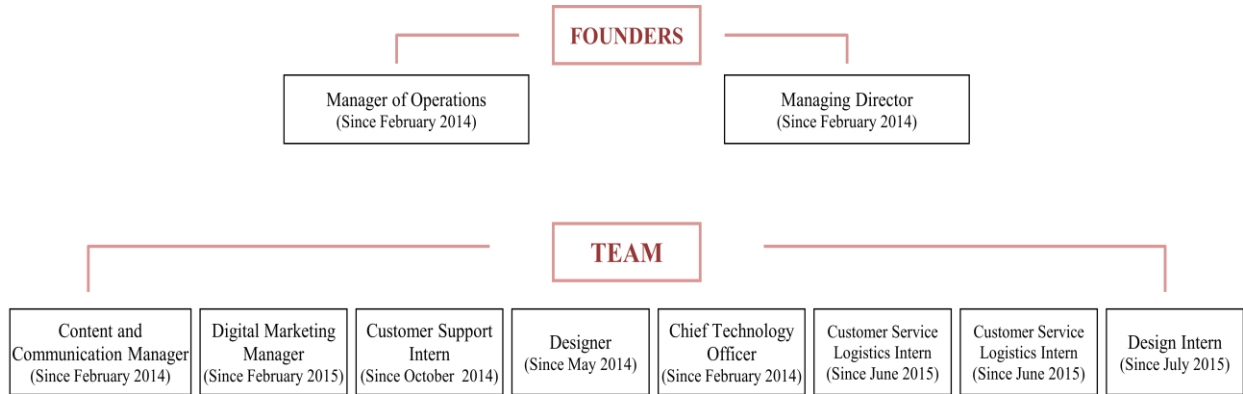
Figure 8 – Science4you career levels



Source: Science4you

Appendix IV – Start-up X data

Figure 9 – Start-up X organogram



Source: Start-up X