

## STRATEGIC HUMAN RESOURCE MANAGEMENT IN THE GERMAN-SPEAKING VIDEO GAMES INDUSTRY

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### **Abstract**

We perceived a paradox within the video games industry: While video games are cultural goods and companies are highly depending on their employees' abilities, the industry is notorious for disadvantageous working conditions and lacking people processes. At the same time, it's a highly dynamic and volatile business. Based on the resource-based view and the dynamic capabilities approach, we believe that the video game industry might serve as an example for other industries in progressing dynamization. We employ an explorative, qualitative methodology with semi-structured expert interviews. We substantiate that within this very volatile environment, dynamic capabilities do not necessarily establish a sustainable competitive advantage but are merely a prerequisite for competitive parity.

Key Words: Strategic Human Resource Management, Video Games, Resource-based View of the Firm, Dynamic Capability Approach

Topic Groups: Human resource management and career development, Business strategy

### **INTRODUCTION**

This paper examines strategic human resource management (SHRM) in the field of video game software, referring to games that are played on electronic platforms, either on PC or on one of the dedicated gaming consoles (at present notably Nintendo Wii, Sony Playstation 3 and Microsoft XBox360). The paper is organized around three research questions: Which practices and (implicit) conceptions on company strategy exist in German-speaking games companies? How do their human resource practices support these strategies, and what assumptions on fields of improvements can be derived from these findings? To accomplish this we will first describe determining conditions of this industry to create a common

understanding among readers. We will then review the theoretical framework: the resource-based view and dynamic capabilities. After describing the empirical study, we show the results and the organizational implications of our research and conclude with a discussion of limitations and possible future research directions.

Game development is conducted in project-structure and requires a very diverse range of qualifications and roles (Mencher, 2003; Autier & Picq, 2002; Irish, 2005). As cultural products, video games are created in a dichotomy of arts and business. A further characteristic is that two actors along the value chain hold central positions: Developers are in charge of creating the actual game, while publishers are responsible for financing development, production and marketing of the game and often retain the copyright for the game (Teipen, 2008). Temporary employment contracts and outsourcing to service providers are important tactics for developers to cope with fluctuating personnel demands (Teipen, 2008). Technological change is another determining factor within the video games industry. The platform lifecycle of video gaming consoles pushes the industry progressively by offering a leap in technological possibilities roughly every 6 years with each new generation (Cadin et al., 2006). Platform holders and software developers are strongly depending on each other: Platform holders put substantial research and development efforts into a new console, but its success depends on the supply of high-quality game software. The software developers on their part need time to built up know-how and make full use of a new platform (Johns, 2006).

Despite the high relevance of know-how and human resources, the video games industry is notorious for overtime and bad working conditions. Besides that, the lack of proper training especially for leading positions was criticized. The weak standardization of job descriptions complicates specialization and career planning. Internal promotions are common, but frequently flawed by lacking personnel development and poor preparation (Bonds et al., 2004). The lack of management training leads to bad decision-making processes and inconsistent business strategy that heavily favors building up productive staff over management staff (Teipen, 2008). Weakly structured work organization and ad hoc project management might be beneficial on first sight from a job variety perspective, but create insecurity and incomparability and cause a massive loss of senior personnel (Bonds et al. 2004). As many employees enter the industry to combine their hobby with their job, comparable sectors are frequently better paid, less stressful and more socially acceptable and lure away experienced staff (Cadin et al., 2006).

In the last years the industry managed to tap new target groups with the biggest growth among casual games and games for females. It is widely believed that there is a connection between team diversity and the produced games that is most manifest in the belief that building diverse teams is a key to widening the audience of games in general. While there is no solid empirical proof for that, there are examples from other industries where this logic rendered successful (Gourdin, 2005). So the narrow employee demographics are seen as a key challenge.

In summary, the industry has broadened and diversified its target groups, platforms differentiated and a number of technological novelties changed the way how games are produced and played. Consequently, decision makers face more strategic challenges and a larger array of options today than even five years ago. Supposedly, these conditions – a complex, highly volatile environment and the importance of highly skilled, motivated and interdisciplinary staff - call for two focus points of decision makers' attention:

- A strategy as basis for visionary, motivating goals

- Highly professional handling of all human resource affairs

## **THEORY**

Before presenting our empirical investigation we review the relevant literature on the chosen theoretical framework. Within the strategic and SHRM literature, the *resource-based view of the firm* (RBV) underlines that internal resources and especially people can be the basis of competitive advantage (Barney, 1995; Wright et al., 2001). Various characteristics of the video game industry suggest that both the RBV (Autier & Picq, 2005) and the *dynamic capability approach* are of special relevance to this industry: external environment offers little foothold for long-term orientation; internal capabilities, such as technological, design and marketing creativity, processes to smoothly organize game production and distribution or the ability to observe the market and pick up trends, establish the basis of companies' success. This highlights the importance of SHRM in the video games industry as SHRM focuses on the people of the organization as a strategic resource for achieving competitive advantage. In order to investigate SHRM questions the RBV is the most prevalent perspective (Colbert, 2004) as it builds a theoretical bridge between the fields of strategy and HRM (Wright et al., 2001). The concept of dynamic capabilities is a dynamic extension of the more static RBV, which focuses on resources or competences as a stable concept.

## **RESOURCE-BASED VIEW**

The central suggestion of the RBV is that a company can fundamentally be seen as a pool of resources and capabilities that establish the basis for its competitive success (Barney, 1995; Wright et al., 2001). In any market, companies need a multitude of resources and capabilities to compete. Some of them are common among all actors in this market; some of them are unique to a single company and establish a source of competitive advantage. This first type of resources and capabilities is needed to even 'play along' in a particular market, the second type is needed to 'win'. Such resources constitute a sustainable competitive advantage in case they are valuable, rare and hard to imitate (Barney, 2001) or, as Barney (1995: 50) earlier suggested *VRIO*: '...managers must address four important questions about their resources and capabilities: (1) the question of value, (2) the question of rareness, (3) the question of imitability, and (4) the question of organization': Barney and Wright (1998) conclude that sustainable competitive advantage comes from firm-specific more than from general skills; from teams more than from individuals and from HR systems more than from single HR practices.

This shows the importance of developing valuable, unique and scarce resources and capabilities in an organization, including its human resources that produce its unique character and create sustainable competitive advantage (Barney, 1991; Barney & Wright, 1998; Collis & Montgomery, 1995; Wright et al., 1994).

A company's resources and capabilities are path-dependent, as they are a result of its unique history, and thus in a constant process of change (Sydow, Schreyögg & Koch, 2009; Dierickx & Cool, 1989). There are no two companies with identical resources and capabilities, even if they cater to the same markets in a very similar way. Individual resources do not create value for the company - only bundles of resources and the way employees use individual competences to cooperate or utilize other resources create value. If capabilities are recurrently applied in a standardized way and involve coordinated actions of many individuals, they form organizational routines. Those rely on specific, tacit knowledge of the involved team members that is anchored deeper in their behavior each time the routine is applied (Grant, 2010). As complex organizational routines are not or hardly transferable,

hardly imitable and not tradable on factor markets, they can constitute a sustainable competitive advantage (Dierickx & Cool, 1989). On the other hand, there might be a substitutional relationship between efficient organizational routines and the flexibility to react to new requirements, so core competences can also be seen as a company's core rigidities: The routines that a company relies most on are hardest to change and impede the development of new capabilities (Leonard-Barton, 1992). The term structural inertia characterizes this disruptive ignorance that established companies often show when their core competences do not apply to a new situation any more (Hannan & Freeman, 1984). The path-dependence of competences can lead an organization into a lock-in (Sydow et al., 2009). These reasons urge for a more dynamic view which can be found in the dynamic capabilities approach.

### **DYNAMIC CAPABILITIES APPROACH**

In a rapidly changing environment, the very capability of a company to adjust to new requirements is a key competitive asset. Teece et al. describe this 'ability to integrate, build, and reconfigure internal and external competences' (1997: 516) in their dynamic capability approach<sup>1</sup>, which extends the RBV and focuses on how future valuable resources can be created and how the current stock of valuable resources can be refreshed in changing environments (Ambrosini & Bowman, 2009). Looking at economic praxis, there are obvious examples of companies that innovate successfully and skillfully move into new markets, but describing the dynamic capabilities needed for that is very challenging (Grant, 2010).

The dynamic capability approaches are criticized by Schreyögg and Kliesch-Eberl (2007): the dynamization includes the risk of dissolving the original idea of building organizational capability as they might lose the strategic power attributed to them in the RBV. They suggest solving the rigidity problem by establishing a separate 'capability monitoring' function instead of not integrating a dynamic dimension into the capability construct. This illustrates the importance of further investigation under which circumstances dynamic capabilities lead to competitive advantage and when they dissolve the strategic power of organizational capabilities. Helfat et al. (2007: 140) argue that 'dynamic capabilities do not necessarily lead to competitive advantage' and Wang and Ahmed (2007) stress that there are contradictory arguments in the literature. Additionally Eisenhardt and Martin (2000) underline that many firms may have similar dynamic capabilities. Ambrosini and Bowman (2009) conclude that dynamic capabilities can result in four different outcomes: First, they may lead to sustainable competitive advantage, second to a temporary advantage, third to competitive parity and finally, dynamic capabilities can lead to failure if the resultant resource stock is useless to the market.

### **METHOD**

We based our investigation on the theoretical frameworks presented above. As research on business management inside the video games industry is scarce, we selected an explorative approach. We deemed a qualitative approach (Eisenhardt & Graebner, 2007; Mayring, 2002; Yin, 1994) as most appropriate to gain insight into the practices, attitudes and integration of company strategy and human resource management inside the German-speaking video game industry: Nine semi-structured interviews with industry experts have been conducted between April and June 2009. They roughly took an hour and were based on an interview guideline unknown to the interviewee. We aimed for an informal interview style and

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<sup>1</sup> Eisenhardt and Martin (2000) as well as Nelson & Winter, 1982, Zollo & Winter, 2002 established two other dynamic capability approaches which differ slightly.

encouraged narrative on personal experience or opinion by using techniques of focusing and verbalizing (Mayring, 2002) to guide interviewees towards our research topics. A theory-based interview guideline supported the interviewer in leading interviewees back to the relevant questions during the interview. We selected managers on different levels with diverse backgrounds and roles within the value chain to reach a broad insight into the German-speaking video games industry, as a diverse sample offers firmer grounding of theory than a more homogeneous one (Harris & Sutton, 1986). Interviewees from German publishing companies, development companies and freelance management consultants are represented within the sample; project and company sizes are diverse. Each interview partner has experience with strategy processes. We held nine interviews with eleven partners presenting nine cases. We derived 12 categories from the interviews which we analyzed along the interviewee's degree of consensus.

## **FINDINGS**

The most interesting results we generated were the following:

1. Interviewee's statements showed very high congruence on basic attitudes: The role of core competences or premises of human resource work are seen very similarly. Those attitudes connect very well to the theoretical constructs of the resource-based view and the dynamic capability approach. However, the more interviewees described the consequences of these basic attitudes in daily work, the more diverse answers became.
2. Adjusting processes to a changing environment is commonly seen as an important capability, but it seems to be so common that we can only interpret it as a mere ability to play along (Grant, 2010), not as unique strength of any investigated firm.
3. We detected an interesting breach between interviewee's visionary wishes and their realistic expectations towards (S)HRM that especially encourages follow-up research.

Before we present our findings in detail for the categories with wide consensus between companies, we want to give a brief summary of all categories and the most important descriptive findings in Table 1. The empirical results show a shared understanding of basic principles of the business and people management. Respondents widely shared a common view on the *Importance of Dynamic Capability*, the *Resource-based View of the Firm* and the general *Importance of HR Practices*. A conscious people management could be verified in the majority of interviews. Most respondents don't expect their HR management to go through a major transition in the near future, as findings on *Expectations towards HRM* show. Responses on the concrete implementation of strategy processes and HR structure are much more diverse: Categories such as the *HR Role* or the perception of *Cruxes in Implementing Decisions* reveal that companies find manifold ways to manage their people resources based on these common principles.

### **Categories with wide consensus**

**Importance of Human Resource Practices:** All interviewees agreed on the importance of human resources to make these organizational routines work; thus employee assessment and support practices were seen as key activities. Loss of key personnel or failure to achieve recruiting goals were serious threats that concerned many respondents in their daily work. One interviewee describes this clearly:

*It's a people's business. The better the team, the better our projects and the safer our business. And if we select and develop our staff in an optimum way, we'll have a good team, and the quality will be alright. When we neglect HR work, we won't get good, qualified*

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*employees, or won't find them in time, and we'll lose important employees because they're unhappy and we didn't notice. (Interview 3, p. 13)*

Table 1: Summary of Findings

Category	Summary of Findings
<b>Wide Consensus</b>	
Importance of Dynamic Capability	High consensus that constant adaption to volatile environments is a key capability.
Resource-based View	Nearly all respondents had a clear concept of their unique core competences and rather take an opportunistic attitude towards market positioning than towards their resource setup.
Importance of Human Resource Practices	Human resources are seen as essential to company's success, and the threat of losing good employees to sluggish people management is ubiquitous.
Expectations towards HRM	Most respondents expect their HR departments to grow in an evolutionary pace with the company without major role changes.
<b>Clear Tendency</b>	
Degree of Formalization and Regularity of the Strategy Process	Most companies had weakly to medium structured strategy processes: they either take place on a completely informal basis or some parts of the process are structured (e.g. the regularity of meetings), while others are rather random (e.g. follow-ups on decisions). Highly structured processes are the clear exception.
Influencing Information	Companies either base their strategic decisions predominantly on market-based information or consult a mix of market-based information and information from within the company.
HRM in Focus of Change Processes	HRM is clearly not companies' biggest concern regarding change processes. The biggest proportion of companies expects HRM to mainly deal with day-to-day problems rather than expecting them to be drivers of change.
<b>Contradictory results</b>	
Degree of Integration in Strategic Decision-making	While most companies do not involve HRM in long-term decisions, a smaller group clearly emphasizes the importance of HRM's involvement in company strategy. There is little room for indifference in between.
HRM Role	All types of roles could be verified in the interviews, although a clear assignment is often complicated by HRM structures that are (still) in a flux. The largest proportion of companies features <i>administrative experts</i> type HRM.
Holistic HRM System	The degree of linkage between HR practices to establish integrated HRM systems is very diverse over all companies. There is proof for completely isolated policies as well as for highly integrated systems.
Integration between Strategy and HR	Also the mechanisms of integration between company strategy and HR work are very diverse. Informal integration and HRM as subordinate department that executes superior decisions are predominant.
Cruxes in Implementing Decisions	The cruxes in strategy implementation are very diverse on the factual level as well as on the perception of severity. Environment volatility is a ubiquitous problem for all nearly respondents, but its severity is perceived differently.

Another interviewee identifies the installment of a dedicated HR manager as a milestone in companies' professionalization:

*How many developers really have a human resource manager? That's not that many. (...) There's a development process as a company from the hobby team to the factory; making that step from the fun squad who just likes creating games towards 'We're a company, an*

*organization', we want a stable development, we have a long-term strategy, as opposed to this 'We have a 3-years-strategy from game to game'. This change of mind is very important and it's closely connecting to realizing that you need a human resource manager. (Interview 6, p. 11)*

However, opinions on whether and how this important field of responsibility should be shared between HR professionals and line managers diverge: While a respondent from a medium-sized publisher surprisingly reported that there was no HR professional in his company besides a payroll clerk and that he preferred it that way, a developer assigned extensive responsibility to an HRM on executive level and another, smaller developer neglected having an HR person as HR matters are too important to delegate. So albeit the common stance that HR practices are key to long-term success, these three examples show the spectrum of views on the *HRM Role*.

**Resource-based View:** The vast majority of respondents described their companies' core competences as complex organizational routines, such as the ability to distribute and market games internationally, the ability to create new concepts or to cater to many game genres. A publisher describes managing independent service providers as a key routine for his company:

*One has to be good at managing outsourced providers, which can be a very tricky thing where a great many errors happen as (colleague) already mentioned. So you first have to learn that to get it right, but if you do it right, it's hugely powerful. (Interview 3, p. 8)*

Hard facts such as technology or brand value played a minor role. No respondent mentioned proprietary technology as key strength, which dissents the prejudice of tech-savvy developers. One interviewee described brand value as his company's most important strength:

*We have our USP, our team differentiation, through our brand. If it weren't for that, we'd have nothing – that's just it. (Interview 3, p. 7)*

**Importance of Dynamic Capability:** The volatile environment is a constant challenge to the actors of the video game business and interviewees confirm that the constant adaption of resources and capabilities is a basic necessity in this business. A publisher explains:

*Anyway, we will retain this culture of opportunity. It just belongs to the company. That means if we'd only do kids games and a first person shooter comes along that we find interesting on the distribution side, we would do it. It's as simple as that. (Interview 8, p. 6)*

No respondent described *dynamic capability* itself as primary core competence though – each company carved out areas of expertise and is very aware of the space in which they can and need to act flexibly. The cliché of the ultra-flexible game company that acts in loose networks and fluently adapts to each market fluctuation could not be located – in fact, respondents know their place very well and take small, conscious steps to explore new areas rather than neglecting stability. A developer stresses the importance of company size for flexibility:

*It may sound as if small equals flexible, but if you're too small, you're usually in such financial constraints that you are not really flexible but just driven anywhere... so we tried to outgrow that. So a certain size and flexibility inside. (Interview 6, p. 2)*

This attitude corresponds to Schreyögg and Kliesch-Eberl's critique on dynamic capability approaches: absolute flexibility contradicts efficiency and a company without organizational routines is only imaginable on a theoretical level. So dynamic capability plays an important role in the industry, but it's only one (common) piece in companies' competence mosaic. Instead of leading to sustainable competitive advantage dynamic capability in this industry seems to create competitive parity only – according to the four possible outcomes of dynamic capabilities described by Ambrosini & Bowman (2009).

**Expectations towards HRM:** Respondents widely agreed that their HRM should slowly evolve in the pace of overall company development – only a minority expects their HRM to undergo a basic role change in the near future. A publisher expresses the majority's opinion:

*I still need to find something that's less important than HR, that's the problem. So underlining the importance of HR is not the problem, but pushing back the importance of any other division in favor of HR – that's where I see the problem. (Interview 8, p. 13)*

This expectation contradicts other hopes that respondents expressed: The idea of HRM as a facilitator of leadership and good management practices was expressed in many interviews – an ideal HRM would not only take care of systematical employee appraisals, enable employees to give feedback and safely criticize their superiors, and make sure that employees generally feel cared for and appreciated. Many interviewees wish that HRM takes wide leadership responsibility or acts almost like a union in facilitating communication and representing employees' interests towards management.

## **MAIN FINDINGS**

***Which practices and (implicit) conceptions on company strategy exist in German-speaking games companies?*** Interviewees commonly share a basic understanding on what establishes their success: Complex organizational routines, such as the ability to distribute and market games internationally, to create new concepts or to cater to many game genres, were mentioned as core competences. Interviewees see their employees as the basis of these routines and know that their capability to adjust these routines to a volatile environment is one important competence among others. Technology was not mentioned as a core competence – as technology can hardly be protected from imitation, interviewees are well advised not to base their success purely on superior technology. Instead, they value their employees very high and identify people's performance and motivation as crucial factors. Thus, the resource-based view and the dynamic capability approach are very applicable to the German-speaking video games industry and their principles are widely diffused among its actors, although not all may be familiar with the academic terminology. Dynamic capabilities are not unique and do not establish a sustainable competitive advantage for any investigated company, which underlines the findings of prior dynamic capabilities authors (Ambrosini & Bowman, 2009; Eisenhardt & Martin, 2000; Helfat et al., 2007; Rindova & Kotha, 2001): Dynamic capability is necessary in this industry, but only creates competitive parity.

Looking at the concrete implementation of strategy work, highly structured processes are clearly rare exceptions. Most companies work with processes that are medium formalized and regular at utmost – a carefully tailored toolset for analysis and decision-making would foster the effectivity of strategy work if it avoids destroying the creative potential that might lie in less structured processes. The focus of information research for strategic decisions is on market-based information, so slightly shifting attention to resources might result in a more balanced view.



*How do their HR practices support these strategies?* The more the focus shifted from basic attitudes towards concrete implementations, the more ambiguous results became. Although interviewees expressed a very common understanding on the basis of their success, individual company strategies lead to very diverse HR practices. Respondents can roughly be arranged into two groups: One group locates their HRM high up in the company's hierarchy and integrates HRM and strategy work closely. The other group sees HRM as subordinate function that implements strategies rather than contributing to design them. Thus, HR roles and the integration of HR practices are very varied, but throughout the sample direct contact with employees is valued much higher than process-orientation.

There are also some common motifs: Firstly, HRM has been introduced as a reaction to special recruitment demands in most companies. This results in an imbalance in HR practices: while recruiting processes run very smoothly, other processes, such as appraisal and development, lag behind. Secondly, managers consciously watch employee motivation and know that retention is best achieved in environments that give employees meaning and ownership over their work. A third prevalent topic was the lack of standardized education paths and further training opportunities.

Summarizing, respondents start from very similarly perceived premises: The importance of dynamic capability, resource-based view and the importance of HR practices are highly esteemed by the vast majority of respondents. The consequences down the road are very different though. Compared with Barney's VRIO model, this can be interpreted as follows: Respondents widely agree on the factors of value, rarity and imitability: They see employees, their qualifications and motivations as well as different complex organizational routines as the basis for their success. Despite the many cruxes in implementing decisions they face, interviewees agree on the importance of strategy work. When it comes to how they organize their capabilities and how they secure their sustainability, they develop very different solutions: How deeply and in which way HRM is involved in strategic decisions, which role it assumes and how far it links single measures to holistic systems is very different throughout the sample. The degree of formalization and regularity of strategy processes is generally low or medium, so HR professionals likely face additional hardship in getting into the loop in these matters. Also the emphasis on market-based information raises the barrier for HRM professionals to get involved.

## **IMPLICATIONS & DISCUSSION**

Generally, the impression emerges that HRM departments inside the German-speaking video games industry still have room to grow up to their full potential. Interviews showed that managers would appreciate more active HR departments that act as facilitators of leadership. At the same time, they do not assume to get advice on organizational development topics from their HR departments, do not expect HRM to initiate change projects and do not require HRM to change their role substantially in the foreseeable future. This obvious paradox would be an interesting starting point for further research. For the time being, we see that more powerful, holistic HRM systems require appropriate responsibility, resources and qualifications to fully exhaust their potential. In an industry that is so dependent on its employees and their capabilities, this would very likely be a fruitful investment. Success factor research delivers valuable insights on where to start and what to consider. We derive three suggestions for managers and HRM professionals from our research:

1. Exploring the potential of more formalized strategy processes with attention not to spoil the creative potential of their strategy work could be a worthwhile effort.
2. Solid systems to assess and track developments in organizational capabilities in general and employee's individual competences in particular would foster the understanding of own competences and allow for more structured employee feedback systems.
3. Finally, successful organizational change is more likely when introduced in incremental steps rather than in revolutionary leaps, especially in an industry that lives with a lot of insecurity anyway. Destroying psychological contracts by abruptly changing career paths, evaluation systems and training structures can develop disruptive forces inside a social system, so an attentive and systemic approach may be a key to success.

This study is of theoretical significance as it contributes to closing the often argued gap between theory and practice (e.g. Ambrosini & Bowman, 2009; Pablo et al., 2007) in investigating firms which have to reach sustained competitive advantage in dynamic environments. It indicates that in the volatile environment of the video games industry dynamic capabilities might not be sufficient to reach sustainable competitive advantage.

We want to close with a critical reflection on the limits of this work: The significance of the empirical part of this paper would increase with a larger amount of collected data. This refers to the number of interviewees as well as the length of the interviews and the selection of interview partners. Investigation in a larger array of companies could reveal patterns that clusters of companies have in common, such as similar attitudes or practices amongst publishers or developers or patterns that correlate with company size, age or structure. The small sample size encourages speculation on such patterns, but doesn't provide enough data for sound conclusions. Interviews with other partners from the investigated companies could uncover differences in perception and help to distinguish personal opinions and corporate rhetoric from shared observations. Such a multifaceted approach could examine concrete decision processes and the cruxes managers face during strategy work, provide a sound analysis of the paths that strategic decisions take from intention to realization including unrealized and emergent decisions (Mintzberg, 1987). Also, assessing their implications on companies' creative processes would clarify when formalized strategic management fosters efficient decisions and when it damages companies' creativity and flexibility.

Comparing attitudes and (S)HRM practices in the German-speaking countries to those of the spearheading video game production territories and to similarly creative, project-based and knowledge-based industries would enable cross-country and cross-industry learning effects. Due to its steep growth and certain cultural traits, the German-speaking video games industry may lag behind other industries or territories regarding its professionalization, but may serve as a model case for industries that face an erosion of stability. Further research in this area would therefore not only give video game companies useful orientation but cross-fertilize other industries with insights into management in volatile environments.

## **CONCLUSIONS**

The importance of dynamic capability, resource-based view and the importance of HR practices are highly esteemed by the vast majority of respondents. The present study has demonstrated that within the very volatile environment of the video-games industry, not technology, but complex organizational routines are seen as core competences and that dynamic capabilities do not necessarily establish a sustainable competitive advantage but are merely a pre-requisite for competitive parity. Concluding, we want to comment on Collis'

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question 'Where does this leave organizational capabilities? And how valuable are they as sources of sustainable competitive advantage?' (1994: 150): For our field of research, the presence of dynamic organizational capabilities might endow companies competitive parity and allow them to remain in the market, but they are not the philosopher's stone for sustainable competitive advantage in this volatile – some would say crazy - environment.

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