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The impact of business disruptions on dynamics capabilities

A study of how organizations maintain
the old and acquire new dynamic
capabilities to stay competitive
throughout and after business
disruptions in SMEs

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Title

The impact of business disruptions on dynamic capabilities: A study of how organizations maintain the old and acquire new dynamic capabilities to stay competitive throughout and after business disruptions in SMEs

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Abstract

Business disruptions such as the Covid-19 pandemic occurs and reoccurs every five years, causing financial loss and disrupting business strategies. Therefore, it is necessary for organizations to be prepared to be able to minimize their losses. The present study aimed to investigate how SMEs maintain the old and acquire new dynamic capabilities to uphold their competitiveness throughout and after business disruptions. The thesis conducted a single case study on an SME that operates in the chemical industry, to deepen our understanding of how dynamic capabilities are used. The study used a framework provided by David Teece which describes and analyses dynamic capabilities with three stages: sense, seize, and reconfigure. A qualitative research method was used to collect the empirical data with interviews. Three, high positioned employees were interviewed, followed by two more interviews with the same participants. Findings indicated that the organizations, existing dynamic capabilities were affected by Covid-19 and that they had to adapt to the new business environment. This adaptation was accomplished by identifying new opportunities that were developed into new dynamic capabilities. This was the reason that upheld their competitiveness throughout the pandemic. This thesis has contributed to support the theory of how dynamic capabilities are used by organizations to uphold their competitiveness.

Keywords

Dynamic capabilities, Business disruption, Routines, Competitiveness, SME

¹ This Bachelor thesis was for the most part written by two authors. However, the final version was written by one person. Therefore, there may be another Bachelor thesis with an identical title, and largely the same content by another author.

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1. Introduction

The upcoming chapter includes background, problematization, research purpose and research question. The background presents the state of the market before the covid 19 pandemic and a brief state of the market one year after the pandemic. The problematization will include the significance to react and thereby reinventing the business model to stay competitive on the market. Lastly this chapter will present the research purpose and research question.

1.1. Background

The Covid-19 pandemic delivered the biggest and broadest value chain shock in recent history and is the latest business disruption in a long series of disruptions. Due to the pandemic, year 2020 has set the record for organizational bankruptcies. The business environment shifted and the future for many companies became uncertain. During the pandemic small and medium sized companies (SME) were hit the hardest financially, due to their limited resources and experience.

To be considered as a medium sized company located in EU organizations must have a maximum of 250 employees and a total turnover of maximum 50 million Euro, or a balance sheet with 43 million Euro or less. In contrast, small sized companies located in EU organizations must have 50 employees maximum and a total turnover of maximum 10 million Euro or a total balance sheet of maximum 10 million Euro. Turnover is the total amount of money an organization receives as a result for its sales and services over a certain time frame. A balance sheet is the valuation of the organization's total assets (The European Union, 2021).

According to Dabic et al. (2020) 95% out of all organizations in the world consists of SMEs and out of all organizations in the EU 99% consists of SMEs (The European Union, 2021). Dabic et al. (2020) further explains that SMEs are responsible for more than half of the worlds employment and account for nearly

half of the world's Gross domestic product (GDP). Therefore, it would be problematic if all SMEs were impacted negatively since SMEs play an important role in the business world (Dabic et al., 2020).

Business disruptions expose SMEs to various challenges which impact their resilience and competitiveness. To overcome this challenge SMEs had to rethink their business strategies and reconsider their dynamic capabilities to handle the disruptions in the most efficient way possible. Therefore, many companies, if not all, had to adapt to the changing environment. The view of the pandemic varied from industry to industry, so did the changes in business strategies to stay competitive during the pandemic. Economic experts viewed Covid-19 as a “black swan” event which refers to a surprising, unpredictable event with drastic disruptions (Gregurec et al., 2021). In contrast, technology industries viewed covid-19 as a global disruption, which can be seen as an opportunity for growth or a challenge to evolve their business or introduce new technology to support business processes (Gregurec et al., 2021).

Business disruption can affect organizations and business environments in various ways. A business disruption refers to events such as pandemics, cyberattacks, and natural disasters. Lund et al. (2020) states, that the duration for these business disruptions varies, they can last from one week to two months or sometimes even longer. The experts such as Lund et al. (2020) state that business disruptions will reoccur on average once every five years. This means that disruptions like COVID-19 is expected to occur again in the future (Lund et al., 2020).

1.2. Problematization

Previous research such as Ferreira et al. (2020) have explored the impact of Dynamic capabilities on competitive advantage. More specifically, the study wants to bring forward how performance and creativity are affected by Dynamic capabilities. The study examines Dynamic capabilities as a tool for problem

solving. To sense threats can develop in to a potential opportunity. It is thus important to understand how to sense a threat by collecting the appropriate information and thereafter act upon it.

Furthermore, research by Thukral et al. (2021) suggest that when a business disruption occurs, like the Covid-19 pandemic, certain actions need to be executed. When organizations are affected by business disruptions, it is difficult to understand the current situation and what the organization should act upon (Thurkral et al., 2021). To turn a threat into an opportunity, the employees of an organization have to use their creativity to understand the threat and find an adequate solution.

Dynamic capabilities and competitive advantage have a connection, but it is far more complex than it is perceived (Fainshmidt et al., 2018). According to Fainshmidt et al. (2018), several factors should be taken in consideration when discussing the dynamic capability. A brief inspection can show the most powerful tool that helps an organization. However, further research can give a deeper insight showing layers beyond what was originally shown. These layers present the true value of a Dynamic capability (Fainshmidt et al., 2018).

Furthermore, it is important to understand the Resource-based view (RBV) of organizations because the theory of Dynamic capabilities belongs to this specific paradigm. The RBV's perspective on the internal aspects of organizations is a complement to the traditional emphasis on strategy, regarding industry structure and strategic positioning as determinants of competitive advantage (Henderson & Cockburn, 1994). The RBV assumes that organizations can be conceptualized into a collection of resources distributed across the organization. Some examples of these resources are physical, human, and organizational assets. Moreover, the differences between these resources stands out and persists over time. (Eisenhardt & Martin, 2000). According to research, it is theorized that when an organization possesses valuable, rare, inimitable, and non-substitutable resources the organization can achieve sustainable competitive advantage (Eisenhardt & Martin

, 2000). However, this is solely a theory and current research has not been able to draw a strong connection between RBV and competitive advantage.

Business disruptions are causing financial loss and statistics indicates that organizations on average are expected to lose up to half of one year's earnings across one decade. These calculations are based on the business disruptions frequency, size, and impact (Lund et al., 2020). For an organization to experience loss in this magnitude could be catastrophic and this includes SMEs as well. Therefore, it is necessary to understand what the specific repercussions business disruption brings upon SMEs. Research implies that all business disruptions are detrimental to organizations. If so, are organizations aware of this and prepared for the next disruption?

In addition, not all organizations were impacted in a negative way during the pandemic since some organizations found new opportunities to improve their businesses during the Covid-19 (Puliga & Ponta, 2021). This applies to dynamic capabilities of organizations as well because dynamic capabilities and business strategies go hand in hand. Business disruptions may enhance or damage the existing dynamics capabilities, which means that new opportunities to discover new dynamic capabilities may occur during disruptions (Fainshmidt et al., 2018). This research implies that there are some organizations that prospered throughout a business disruption. The research states that the reason for this is Dynamic capabilities. The question is if organizations are aware of what Dynamic capabilities are and how they can use them to achieve benefits?

The current research indicates that business disruptions become more frequent, and SMEs experience various setbacks more frequent than before. To our knowledge, there is limited research on how business disruptions can affect dynamic capabilities. The impact that RBV has on competitiveness during business disruptions is not clear. Therefore, it is important to investigate how SMEs handle and work on existing and potential dynamic capabilities during business disruptions to stay competitive throughout and even after the disruptions. Our study explores SMEs competitiveness, business disruption and dynamic capabilities as three

factors that can potentially affect each other. Since we are going through the Covid-19 pandemic, it seems like a relevant time to gain knowledge on that specific topic.

1.3. Research purpose

The purpose of this thesis was to examine how SMEs within the production and distribution industry have transformed their business strategies and dynamic capabilities to stay competitive during and after business disruptions. Furthermore, a dynamic capabilities study will be used to examine if SMEs had routines in place or developed them to hold their competitiveness during experienced business disruption. The aim of this research was to understand how SMEs dealt with the repercussions of the business disruption Covid-19, found solutions to stay relevant, and competed during this time frame. The study aimed to contribute to the dynamics capabilities field and strengthen the understanding of how, why, and when organizations use dynamic capabilities to handle rapidly changing market environments.

1.4. Research question

How SMEs maintain the old and acquire new dynamic capabilities to stay competitive throughout and after business disruptions?

2. Theoretical background

The theoretical background discusses dynamic capabilities and its usability during business disruptions. Firstly, the dynamic capabilities will be introduced along with factors it consists of. Secondly, external business disruptions are discussed. Third, a framework will be presented with the aim to deepen the understanding of how dynamic capabilities are used during external business disruptions. Lastly, the theoretical aspects will be presented linking them together.

2.1. Dynamic capabilities

The RBV includes physical, human, and other similar assets organizations possess that are used to develop value creation strategies and uphold a sustainable competitive advantage. Dynamic capabilities originate from RBV and is defined as unique organizational and strategic routines that preserve organizations competitiveness. To stay competitive, managers must alter their routines and resources to generate new value-creating strategies. Thereby, uphold their competitiveness or enter a new competitive position. Dynamic capabilities are the drivers behind the organization's creation, evolution, and recombination of unique internal resources. This leads to the creation of new valuable resources that lead to competitive advantage (Eisenhardt & Martin , 2000). According to Helfat et al. (2009) a dynamic capability represents organization capacity that enables them to create, modify or extend their resource base. In short, a dynamic capability is a unique factor for an organization that enables them to be competitive.

Dynamic capabilities represent a set of identifiable and precise processes embedded within organizations. These processes include, alliancing, strategic decision making, and product development (Eisenhardt & Martin , 2000). Moreover, Teece et al. (1997) identified the fallowing elements as part of dynamic capabilities: factors of production, resources, organizational routines and competencies, core competences, and products. This identification indicates that organizational routines are considered dynamic capabilities. However, the routine must contribute

towards the organizations competitiveness to be referred as a dynamic capability. This statement is further elaborated by Peteraf et al. (2013), who stated that organizations rely on either on routine activities or on simple rules and experimental actions creating dynamic capabilities depending on how volatile the business environment is. In contrast, Eisenhardt et al. (2000) findings suggests that dynamic capabilities consist of both routines and non-routine configurations.

Dynamic capabilities provide a method for achieving organisational adaptation and performance benefits. Due to this, the dynamic capabilities have received wider attention in strategic management and beyond. Wilhelm et al. (2021) have stated that despite the large amount of research on dynamic capabilities there still exists a theoretical divide that invites further research. First, if dynamic capabilities are considered routine or not, and second, whether organizations in dynamic environments install routine or non-routine dynamic capabilities. They further stated that arguments against routines within dynamic capabilities claims that organizations will not deploy routine-based capabilities in rapidly changing business environments. Routines tend to turn capabilities into inflexibilities. Instead, organizations implement experimental and semi-structured dynamic capabilities (Wilhelm et al., 2021). This contradicts Peteraf et al. (2013) claim, that organizations rely either on routine activities or on simple rules and experimental action creating dynamic capabilities depending on how fast the business environment is shifting.

2.2. The Framework

Teece (2007) has provided a framework for dynamic capabilities, composed of three underlying components, *sensing*, *seizing*, and *reconfiguring*. *Sensing* describes organizations continuous observations of the external environment and gathering of insights regarding opportunities and threats (Augier & Teece, 2009). *Seizing* is composed of ongoing evaluation of the organization's capabilities and resources. *Reconfiguration* includes the recombination of organizations' resources and unique capabilities to optimize competitiveness.

According to Fainshmidt and Frazier (2017) the three components: *sensing*, *seizing*, and *reconfiguring* are connected. They are not interchangeable with each other, instead they work as a ladder, where one step cannot be taken without the previous step. Together these three components represent a framework that captures various actions organizations undertake to renew their dynamic capabilities. The framework is confirmed by Wilden et al. (2013) who stated that reconfiguring for instance, without sensing and seizing can fail to create the necessary resource bundles that are suitable to keep the organization competitive. In addition, Teece (2007) stated that the organization will need *sensing*, *seizing* and *reconfiguration* capabilities to be developed simultaneously and applied to make it possible to build and maintain a competitive advantage.

2.2.1. Sensing

The first component of the framework is *sensing*, which is described as an organization's ability to observe their external environment and gather information of opportunities and possible threats to the competitive advantage (Teece, 2007). Sensing is a crucial component that enables SMEs to monitor and identify important aspects of business processes such as consumer needs, technological opportunities, and other similar activities in the constantly changing environment. As SMEs operate in a competitive environment, it becomes crucial for organizations to discover new opportunities to bolster their competitiveness before anyone else in the market. Some market opportunities are easier to identify than others. For example, in microelectronics at some point it included greater chip density or miniaturization (Teece, 2007). However, for most markets emerging opportunities are difficult to discover and that is why continuous sensing is crucial.

According to Teece (2007) opportunities are detected by organizations with help of two factors. Firstly, organizations can have exclusive access to valuable information that is not accessible for competitors. Secondly, this access of valuable information can be used to create opportunities. For organizations to be able to

identify and shape opportunities, they must constantly scan, search, and explore across market and technologies both locally and globally.

2.2.2. Seizing Opportunities

Once SMEs sense a new potential business opportunity, they need to turn that opportunity into a new routine, product, or service (Teece, 2007). In other words, SMEs seize the opportunity by operationalizing them into their business system. Frequently, this process requires investment or development of new processes. According to Teece (2007) the evolution of these two factors within seizing is important as it gives an understanding of what the organization is capable of. He further found that having this understanding makes the other part of seizing easier which is investing in tangible and intangible assets. The tangible and intangible assets are acquired based on the organization's current capabilities and resources.

It is important to understand what type of resources are required at different times occasions (Teece 2007). According to Teece (2007) knowledge of the organizations status on the market is not enough, knowledge of the entire market is as important. Organizations that sense the timing when to invest is crucial due to competitors that can conduct the same type of investment.

The organization can acknowledge how to introduce value to their customers by following a few steps. First, an organization is required to understand their products, which will help them to understand what type of investment is needed. Second, a budget should be planned to best take advantage of the organization's resources. The budget covers different aspects of the organization, that are connected to customer needs such as the products (Teece, 2007). When the type of investment required, and the budget is clear the organization will understand how to proceed with the investment. According to Teece (2007), it is necessary to understand how the investments can be implemented to the products and services that need them. Furthermore, it is necessary to have knowledge regarding the market and

competitors to understand how to fulfil the customer needs in the most efficient way.

2.2.3. Reconfigure

Reconfigure refers to the ability to successfully maintain the routines and processes that secure the organization's competitiveness. This includes, selection of technologies and products, business model design and commitment to stay competitive. According to Teece (2007), the purpose of the reconfigure processes is to commit financial resources towards sensed opportunities that can lead to organizational growth and profitability. Furthermore, reconfiguring suggests that the ability to recombine and reconfigure assets and resources simultaneously as the organization grows will lead to profit growth. For an organization to maintain its competitiveness continuously expansion of their resources and assets are required.

Teece (2007) has concluded, that dynamic capabilities require a certain level of routines in combination with innovative inputs. That is companies need to keep some routines to operate competitively in the market, furthermore, invest time and resources in searching, seizing, and reconfiguring the new business opportunities that become new routines over time. Routines help with the consistency until there is a shift in the market environment. Moreover, changing existing routines is expensive and therefore organizations do not implement changes without great thought behind them.

2.3. Summary of theoretical ideas

The Dynamic capabilities consist of three components *sensing*, *seizing*, and *reconfiguring* (Teece, 2007). When brought together they form a three-step guide which helps organization's to renew their dynamic capabilities over time. Firstly, the organization is constantly evaluating external factors, on the lookout for arising opportunities and possible threats. Secondly, after an opportunity has been sensed

it must be seized by the organization and turned into new products, processes, or services. However, an evaluation of the organization's capabilities and resources must be conducted before a clear path is chosen. Thirdly, the organization acts on their sensed opportunity by committing financial resources towards the opportunity in determination that it will lead to profitability.

SMEs and other forms of organizations are seldomly prepared for any types of business disruption that have potential to impact them (Kahveci, 2021). SMEs are more likely to be more vulnerable if they are ever impacted, due to their size and financial capabilities. If, like other organization types, SMEs are likely to not be prepared, they must be able to handle situations when they occur. These situations can be business disruption that have the potential to ruin business (Kahveci, 2021).

It is important to have some understanding about of SMEs operate and function. There are three important parts that collectively create a fully functioning SME that strives after competitive advantage and these are, sense, seize, and reconfigure (Teece, 2007). When a business disruption occurs, it has the potential to be repeated, depending on the size of it could happen every 2 to 4.9 years (Lund et al., 2020).

The question arises when a business disruption occurs, what impact does it have on dynamic capabilities? With the potential damage a business disruption can cause, how does that impact the way organizations use sense, seize and reconfigure? Dynamic capabilities during business disruption can either be impacted positively or negatively depending on market the organization operates in.

3. Methodology

The upcoming chapter will introduce the research methodology of the study which will present research philosophy, research approach, research design and strategy. The chapters will also introduce data collection and data analysis. The chapter is concluded with the study's trustworthiness and limitations.

3.1 Research Philosophy

Research philosophy is an over changing term that relates to the development of knowledge also the nature of that knowledge (Saunders et al., 2007). Furthermore, epistemology includes three factors, namely *positivism*, *realism* and *interpretivism*. *Interpretivism* was the preferred philosophical position for this thesis since it suggests that the nature of the world is deeply complex. Furthermore, it aims to explain human actions with in-depth investigations and qualitative analysis methods (Saunders et al., 2019). Interpretivism corresponds with this research, that aimed to explore how managers work with dynamic capabilities during external business disruption. Moreover, according to Saunders et al. (2007) interpretivism is appropriate in the case of business and management research, particularly in field where human behaviour is researched.

3.2 Research Approach

The research approach refers to research that follows a certain approach throughout the entire research, have a clear structure which includes design, methods, and problems. The different approaches that can be used throughout the research are quantitative, qualitative, and mixed methods (Creswell, 2017). The qualitative research approach was chosen for this research since it will benefit our research the most. Qualitative research is gathering data in the form of words rather than numbers, which is more appropriate for this study (Bryman et al., 2019). Furthermore, qualitative research is used to understand problems as they occur and that problems are related to people's perceptions of them (Creswell, 2017). For that

reason, the qualitative research method is the most appropriate approach for this research.

After research philosophy and approach have been chosen, a method to conduct the research must be chosen as well. According to Bryman et al. (2019), there are three methods to conduct research: deductive, inductive, and abductive. The inductive method starts with observation and then connects it to theories. This corresponds with the thesis research structure of first observing the problem and then connect it with existing theories.

3.1. Research design and strategy

The research design and strategy are often built upon on the fact that it will suit the research in a sense that the data that is collected is done efficiently. It is important to combine the design and research in order to achieve the perfect match for the specific research (Bryman et al., 2019) The aim is to choose research design that showcases how the data collection and other resources involved will be collected through various methods (Zikmund, 2009).

This study is a single organization case study (Yin, 2009). One single organization was investigated since the focus was to deepen the understanding of how Dynamic capabilities were used during the pandemic. Dynamic capabilities are complex phenomena and includes different processes taking pace in an organization, and that is the reason we chose to focus on collecting the data from several information form the same company.

To understand the Single case organization study there are four points showing the relevance of the method. They can, over a certain time frame, bring a deeper insight to an organization's unique situation (Ozcan et al., 2017). Furthermore Ozcan et al. (2017) state that using a single case study can give researchers insight to organizations' unique situations that otherwise would not be achievable. Another point according to Ozcan et al. (2017) is that doing a single case study may be a

unique opportunity to study something that has not been done before. The study can unveil a new theory or give support to a rare theory.

The choice for this study was a SME that operates within a chemical industry located in Sweden. It was important that the organization was operating during the business disruption COVID-19, because it is a big part of the bachelor thesis. This organization was in a unique situation because it profited during a business disruption. The expectation was to perform a single organization case study on a SME that was impacted negatively during the pandemic. However, the transition did not cause any problems as it still fulfilled the criteria which was to find an SME that was impacted during the pandemic. The organization was thus an excellent candidate for this research.

According to Saunders et al. (2007) there are three designs to choose from, exploratory, descriptive studies and explanatory. The definition of exploratory studies is finding out what is going on, also wait for the results as it may not be what is expected and can change throughout the research (Saunders et al., 2007). For this research exploratory studies were used. This suits the strategy that this research has and is therefore the most efficient method to use.

3.2. Data Collection

The following section will present the choice of qualitative data collection through research interviews. This data will later be the basis for the findings and analysis. Furthermore, the selection of interview method, interview guide, and transcriptions will be presented and discussed.

3.2.1. Research Interviews

Research interviews are used to gather valid and reliable data that is relevant for the research question. The interviews can be structured as semi-structured, structured, and unstructured (Saunders, et al., 2007). Semi-structured interviews use non-

standardized questions and are often used in qualitative research methods. Structured interviews use complete and standardized questions to collect quantifiable data. Unstructured interviews are informal and explore an area without using predetermined questions (Saunders, et al., 2007). This study used the semi-structured interview format and were conducted in Swedish. As the participants native language is Swedish. If the interviews were conducted in English, it could have limited their responses.

3.2.2. Semi-Structured interview

The semi-structured interview is the chosen method of gathering information for this research. Data were collected through semi-structured interviews with selected participants that could provide relevant information that would benefit the research. According to Bryman et al. (2019) semi-structured interviews are conducted with no clear pattern in mind and allows room for further elaboration between questions. The person leading the interview can decide in which order to ask the questions and further elaborate certain topics with the participants as they occur during the interview (Bryman et al., 2019).

3.2.3. Interview guide

It was important to create an interview guide that fits our chosen way of interviewing. Denscombe (2018) states, that it is important to have a list over the questions that will be asked during the interview. Furthermore, the order of the questions asked is not of importance, instead questions could be asked at random. The questions should also allow room for participants to elaborate further to gain a deeper understanding of the question asked (Denscombe, 2018). When we selected the participants for our interviews it was relevant to find people and that hold valuable information to the research topic. According to Bryman et al. (2015), selected participants should have a connection to the topic through their occupation or the organization they represent. Thus, the participant selection resulted in the CEO, production manager and sales manager.

The interview guide was constructed to reflect the stages in the theoretical framework used for this thesis: sense, seize and reconfigure. In this way, the interview guide had a close relation to the theoretical framework, which strengthens its relevance towards the research question (Appendix A). The aim of the interview guide was to gain insight on information and resources to continue the research and eventually reach an established conclusion.

3.2.4. Transcriptions

Transcriptions were made from audio recorded interviews to ensure that the collected data is truthful and to reduce the risk for misconceptions during the data analysis. Bryman et al. (2015) stated that transcriptions help to reflect, interpret, and examine the participants answers. The transcribed interview recordings resulted in 42 pages of written document ready to be analyzed. The transcriptions were made by the researcher that conducted the interview and the transcriptions were written in Swedish since that was the language the interviews were conducted in. The most relevant information and quotes were later translated to English so it could be presented in thesis.

3.3. Data analysis

When conducting an analysis of a qualitative study several methods are often used which includes meaning-interpretation, meaning-categorization, and meaning-condensation. Firstly, in meaning-interpretation, the researcher reads the assembled text between the lines. Secondly, in meaning-categorization the researcher classifies statements in a simplified manner into different categories. Lastly, longer sections and statements are compacted through meaning-condensation (Bryman, Bell, & Harley, 2019).

During this research, all three methods were used. First, in the meaning-interpretation the collected data was read several times to make sense over the

overall representation. Secondly, the text was categorized into the three stages of the theoretical framework: sense, seize, and reconfigure. At the same time reoccurring statements and themes were collected to ease the identification of emerging themes from the participants. Lastly, in the data analysis process the thematic analysis theory was used, where the data was broken down into different component parts. This categorization led to the identification of themes which is one of the most essential tasks in qualitative research (Ryan & Bernard, 2003). To identify similarities and differences in the collected data, theoretical thematic analysis was used. This method ensures that the researchers keep focus on the data on hand rather than theoretical flights of fancy (Ryan & Bernard, 2003).

When the data was categorized, the focus became to condensate the data to make it representable in this thesis. The data was in Swedish, and the analysis was conducted in Swedish as well. Later, relevant sentences and citations that were used in the thesis were translated to English (Bryman et al., 2019). Essential statements were added and divided into tables, one table for each category: sense, seize, and reconfigure. When meaning-interpretation, -categorization, and -condensation had been used and the table had been developed, the analyzed data was presented in the empirical findings and analysis chapter. Furthermore, the main findings were highlighted in the discussion chapter.

3.4. Trustworthiness

Trustworthiness is important to establish throughout the research, to ensure the quality to the readers (Bryman, et al., 2019). According to Bryman et al. (2019) there is a method that consist of four criteria's these are, credibility, transferability, dependability, and confirmability.

The first criteria which is credibility, focuses on how social reality stresses the need of having evidence and whether the results that are produced will be accepted (Bryman et al., 2019). To ensure the credibility, the semi-structured interviews were conducted with participants that possesses great knowledge over the research topic.

The participants were interviewed one by one to eliminate possible influence between them as it can change their answers.

Confirmability is the second criteria which focuses on if the authors have been objective, by not letting their values or other ideas get in the way of the study (Bryman et al., 2019). To start of, this study was not conducted by having a desired conclusion. The values and other opinions of the researchers did not affect the research question or the pupose. When the emprirical material was collected and inspected it was done with the highest objectivity. According to Bryman et al. (2019) this strenghtens the confirmability by not letting the research be influenced, which can jepordize the trustworthiness.

The third criteria is dependability which focuses on providing documented proof of every step that was conducted throughout the research process (Bryman et al., 2019). This has been conducted on every necessary step from, participant selection, interview transcript and several others. Transeferability which is the fourth and final critera focuses on whether the research can be used in different situations and if it can be generalized (Bryman et al., 2019). This research is conducted on “How organizations stay competitive throughout/after Business disruptions”. Due to the topic this research is based upon it allows the study to be used in different situations and timeframes. According to Bryman et al. (2019) it is important to detail a thick description, providing deep insight rather than wide information. By narrowing the research to how dynamic capabilities are used to stay competitive it gives a deeper insight.

3.5. Ethical considerations

According to Bryman et al. (2019) certain ethical actions need to be taken into consideration during the research process. The ethical actions that were addressed in this thesis were to ensure our participants’ anonymity both on an individual and organizational level. Due to this, consent forms were sent out to the participants prior to the interview. The participants had to agree to the forms to ensure that the

corporate data and audio recordings were handled correctly. The interviews included sensitive information regarding the organization, this form ensured that the participant felt secure with the interviews.

3.6. Limitations

This study had some limitations that are essential to highlight and should be considered when evaluating the research result. The empirical data is limited to one single organization that operates in the chemical industry. One single organization was investigated since the focus was to deepen the understanding of how Dynamic capabilities were used during the pandemic. Due to this, deeper investigation within one organization will give more qualitative data compared to getting a brief insight from multiple organization's.

The participating organization is an SME that is located in northern Sweden. Due to the organization's location, the interviews were limited to online interviews. Online interviews could reduce the quality of the collect data, due to the participant's body language, facial expression, and tones are not easily perceived (Bryman, et al., 2019). Additional limitations include the semi-structured interview, which could negatively affect the quality of the empirical data (Saunders, et al., 2007).

4. Case Presentation

The following chapter presents the background of the participating organization in this case study: organization 1. Firstly, the organization will be presented shortly. Secondly, the employees that participated in this case study will be presented as: CEO, sales manager, and production manager. Lastly, how the organization and the chemical industry reacted to the business disruption covid-19 will be presented.

The participating organization operates in the chemical industry, where it distributes and produces chemical products. Their main income comes from distributing products, and their secondary income comes from producing products inhouse and later selling said products to their customers. Moreover, the organization uses a business to business (B2B) strategy. During this thesis we had the opportunity to interview three employees from the organization. The participants were the CEO, sales manager, and the production manager. Due to the size of the organizations the selection included the top positions that would have a greater understanding of how the organization acts on the market.

Before the interviews were conducted the participants had no prior knowledge of the organization's use of dynamic capabilities, or the three stages that contributes to dynamic capabilities. Due the participants lack of knowledge regarding the theory and the framework, we briefly explained the theory. The presentation of the theory included a short explanation of what a dynamic capability are and what is not considered to be one. In addition, a short explanation of sense, seize and reconfigure. After the presentation was finished their understanding of the topic increased and they recognized the theory in how they run their business.

5. Empirical findings

The following chapter introduces the findings from the qualitative research interviews. The findings have been categorized according to the elements of the theoretical framework: sense, seize, reconfigure. The first section includes discussion on how the organization sensed new possibilities and upcoming threats. The second section includes how and why the organization acted on what have been previously sensed. The third section includes how the organization reconfigures their resources and assets to keep their newly seized opportunity competitive in the long term. The last section includes the organizations capability to use sense, seize, and reconfigure changes during business disruptions. The findings are later used as the base for further discussion on dynamic capabilities during business disruptions.

5.1. Sense

The participants perception of how sensing is used to identify new processes that can contribute to the organization's competitiveness will be presented. Firstly, the participants knowledge of the stage sensing will be introduced. Secondly, the participants perception on how the organization use sensing will be presented. Lastly, the participants view of how the organization's ability to sense the market changed when they were impacted by the business disruption Covid-19.

5.1.1. How the participants sensed opportunities/threats

The interviewed participants had similar responses on how the organization uses sensing to identify possibilities and threats on the market. Table 1 presents the participant's main view on how sensing is used. The CEO states that the main sensing takes place with their contact network. The contact is often made between seller and buyer. Due to, that the organization has employees that hold unique costumers, they all gain unique and valuable information from for example, sales meetings and sale calls. He further states, that the organization uses a forum to

information collected of what is requested from their customers. According to the CEO, the collected information from the forum is later discussed in a weekly meeting where sensed opportunities and threats are discussed with the management. It is often the sales department that senses new possibilities and upcoming threats.

Table 1

How does the organization identify possibilities/threats on the market?

Position	Quote
CEO	<i>"We have a broad contact network with our costumers/competitors where we try to read the market situation".</i>
Sales Manager	<i>"Through our wide market contact network in combination with news feeds, gives us an updated picture of where we are, and what we have to do".</i>
Production Manager	<i>"We do not use any specific system to identify threats or possibilities, instead we have our eyes and ears open for them".</i>

An example of a sensed opportunity that the CEO mentioned, was the sensed opportunity to produce hand sanitizer. During the business disruption Covid-19 hand sanitizers demand increased massively. The organization sensed this opportunity from one of their costumers that produces hand sanitizer. The organization had the opportunity to increase the volume of sales in ethanol and isopropyl. He further stated that the demand for hand sanitizer increased even higher, so much so that organization 1 could not produce the product fast enough. The organization sensed the increased demand for hand sanitizer and the possibility was brought to the managers in one of their weekly Monday meetings.

The sales manager states that the organization mainly uses contacts in the business market to sense new possibilities and threats. Additionally, contact with the suppliers leads to knowledge of what is happening on the market. He further states, that it is often identified threats that leads to the identification of new possibilities.

An example of newly sensed possibilities is when the organization is offered a new product from their suppliers. An opportunity is sensed when they have the possibility to expand their product variety. Another example is when a sales employee is in contact with a customer that is interested in a product which the organization does not offer at the time. An opportunity to expand their product variety is sensed. These two examples mirror each other, the same possibility could be sensed from two different sources. However, it is required to have a customer that are interested in the newly sensed product, and it is required to have a supplier for the newly sensed customer request.

The sales manager further states, that the organization uses a CRM system. The CRM system is explained to be a system that documents the organizations customers and their current needs. The system is updated when the requirements from customers' changes. In addition to this, the sale manager emphasizes on the importance of continuous communication between employees within the organization. For example, if an employee has valuable knowledge regarding an underused product, communication regarding this could lead to new possibilities to raise the sales volume of set product.

The production manager states that the organization does not use any particular system to sense possibilities or new threats. Instead, the different departments have their eyes and ears open for new trends and news that could be either a new possibility or a possible threat. He states that its of importance to investigate the customers and identify what their demands are. Moreover, it is also important to verify what the competitors and the suppliers are implementing on the market. This could lead to new possibilities or threats to be sensed. When asked, if any system or routines are used to sense possibilities or threats. The product manager answered that they use a system to verify global market prices to keep the organization up to date on price fluctuations.

5.1.2. Business disruption affection on sensing

The CEO states that when the organization was affected by the business disruption Covid-19, they sensed that the market became uncertain. They did not know how it would affect the organization. Therefore, they slowed down on planned investments and withhold new investments. He further states, that the motivation behind the decision to withdraw their investments was to observe how the market developed during this timeframe (Table 2). The organization's sensing capabilities were enhanced, constantly sensing for new opportunities or threats that could be acted upon. It was during this time of enhanced sensing the organization found the opportunity to step into the hand sanitizer market.

Table 2

How did the company react during covid-19?

Position	Quote
CEO	<i>“When the pandemic arrived, the market became uncertain” ... “We drew the handbrake and withheld on investment to see how the market would develop”</i>
Sales Manager	<i>“Our industry prices were affected and during time like this we have communicate our fluctuating prices with our costumers so that they are constantly aware of the price changes”</i>
Production Manager	<i>“We reacted on news of all kinds, and when we found opportunities, we turned every rock in the company to exploit it as fast as possible”</i>

According to the sales manager opportunities and threats are mainly sensed via communication with customers. During the business disruption this communication was also enhanced. Communication had to accrue more often due to the prices of many of their products were fluctuating daily. The production manager did not mention how the organizations sensing capabilities were affected during Covid-19. Sensing is mainly used in the sales department; it could explain the production

manager’s lack of input regarding this area. However, as seen in Table 2 the production manager stated that they reacted on news of all kinds during Covid-19. He further stated that they tried to take advantage of every opportunity quickly.

5.2. Seize

The seizing section will introduce some insight regarding the participants' perception of seizing from the theoretical framework. Secondly, the participants perception of how and if the company has seized the opportunities and threats that were sensed during the pandemic. The participant’s perception of the effect business disruption had on the company when seizing opportunities and threats will be explained. The participants were asked how the company’s capacity to perform was affected during Covid-19. The answers are shown in (Table 3).

Table 3

How was the organizations capability to perform affected during Covid-19?

Position	Quote
CEO	<i>“It was not affected negatively, instead the capacity increased, and we could deliver greater volumes, increase our production and greater work force”</i>
Sales Manager	<i>“The company’s capability to perform increased during the pandemic, due to increased demand on our products”</i>
Production Manager	<i>“Demand for our, products, stock, production, and workforce increased. The capability to perform increased during the pandemic”.</i>

As displayed in (Table 3) the three participants had the same perception of how the capacity to perform was affected by Covid-19. They all agreed on that the effect on the company’s was performance. The CEO explained how the production in the company was able to increase during the pandemic. This meant that the number of

employees working had to be increased to match the amount of production. The sales managers answered that the effect was positive due to how it affected the company's products. The products in question are those that are related to the pandemic Covid-19. With the demand increased for those sorts of products had led to a positive impact on the company's performance.

The production manager's answers were a mix of what the CEO and sales manager had explained (Table 3). Both aspects are brought up, demand for products and capability to perform. The production manager mentioned that the demand for the company's products, production and workforce increased. This meant that they had more work to do, which improved the capability to perform.

The answers of the participant regarding, how investments are made when an opportunity is to be seized is presented in Table 4.

Table 4

When the company want to make an investment, how is that decision made?

Position	Quote
CEO	<i>“Every division fills out a sheet of desired investments. Payoff is used to justify the investment. Government regulations can force new investments.”</i>
Sales Manager	<i>“A sheet with calculations is formed, involving costs and return of interest of the investment. Government regulations are also a factor because of our products”</i>
Production Manager	<i>“Starts by contacting the supplier, to check the if it will be financially benefitable. Important to figure out what it can provide in the long run for the company”</i>

As displayed in (Table 4) the Sales manager explains that before the company acts on any type of opportunity there is a need for a sheet with calculations to be conducted. The calculation sheet in this situation goes over the potential investment that the company is about to invest in. The content of this sheet involves the cost of the investment, return of investment, and government regulations. The CEO explains that understanding the value the investment brings in form of return on investment is important for it to be justified. If the return on investment does not benefit the company, then the investment is not conducted. But there are certain exceptions to investments due to government regulations. There can be potential regulations on the investments that may require other costs such as additional products or safety cost. The company worked with products that are dangerous, the government has an involvement in their investments. The cost and return on investment are used to figure out whether the company would profit of the investment that they were seizing on.

The CEO and sales managers perspective are not entirely the same. According to (Table 4) the CEO explains that the process of when an opportunity wants to be seized, every division in the company write an investment sheet. This sheet includes the desired investments that every division want. The CEO also stresses the importance of justifying the investments with by using the payoff method. Depending on how well the investment is justified decides if it is made. The CEO and the sales manager had a similar answer regarding to government regulations. That the government can enforce new investment that the company has to make, for the same reasons as the sales manager explained.

As displayed in (Table 4) the production manager has a different perception of how investments are made. The production manager explains that when an investment is desired, communication with a supplier starts. The negotiations then start, and it is important to focus on reaching a deal that can benefit the company in the long run.

The participants were then asked if the company has acted on any opportunities during covid-19, their answers are presented in (Table 5)

Has the company acted on any opportunities during covid 19?

Position	Quote
CEO	<i>“We saw the massive demand for hand sanitizer during the pandemic. And we wanted to ride that wave for as long as possible”</i>
Sales Manager	<i>“Yes, the company took advantage of certain products that gained increased demand. It was mainly on disinfection products”</i>
Production Manager	<i>“We, acted upon the products that experienced increased demand during the pandemic”</i>

5.2.1. How the SME Seize opportunities

Seizing as previously explained is how the company has acted on the opportunities and threats that were sensed. Thus, seen in (Table 5) all three participants had similar perception of what opportunity was seized. The CEO explained that the company sensed a massive demand for hand sanitizer, which is a product related to the pandemic. The company wanted then to seize that opportunity to financially benefit from it. The sales manager and the production manager answers coincide with the CEO and make it clear that the opportunity that was seized were pandemic related products.

The participants were then asked if the company acted on any threats that they faced, their answers are presented in (Table 6)

Table 6

Has the company acted on any threats they faced during covid-19?

Position	Quote
CEO	<i>“For the most part we only experienced possibilities... However, in the beginning of the</i>

	<i>pandemic we decided to slow down and analyze how the market evolved”</i>
Sales Manager	No threats were mentioned
Production Manager	<i>“The biggest threat was that the supply chain from Asia broke down. Therefore, we had to find suppliers in Europe which raised the prices of our products”</i>

5.2.2. How the SME seize threats

As displayed in (Table 6) the production manager revealed that the company experienced a threat. This is referring to the supply chain that was stopped from Asia. The company had to act quick but also be cautious. The company had to be cautious because of the different costs that come with finding new suppliers. Europe is where the company looked to find new suppliers.

The production manager explained as displayed in (Table 6) how the supplier threat happened whilst the company seized opportunities that had been sensed, the products related to the pandemic. The company was not alone in this situation therefore competitors that shared the supply chain were affected. The customers accepted paying a higher price. This was because the company acted quick and provided new products whilst competitors did not have the opportunity to do so.

The CEO stated that during the beginning of the pandemic there was a lot of uncertainty, how long the pandemic Covid-19 would last. The start of the pandemic the CEO saw the pandemic as a threat due to the repercussion it gave to the company. The CEO decided to slow everything down and not make any wrong or risky movements on the market before an agreement of what the next step is. The sales manager did not recall any threats during their interview.

5.3. Reconfigure

The reconfigure section will introduce the participants perception of how the company reconfigured their resources and assets. This will be brought up in context to the opportunities and threats that the company seized.

The question, is there any routines that the company uses that was adapted during or after covid-19? The answers are presented in (Table 7)

Table 7

Are there any routines that the company uses that was adapted during or after covid-19?

Position	Quote
CEO	<i>“The biggest change was investment in safety equipment and tanks related to the products that gained increased demand”</i>
Sales Manager	<i>“The big routine that was developed was internal communication... Furthermore, a system of checking prices was implemented”</i>
Production Manager	<i>“It was not directly any reconfiguration, only that we increased our capacity to be able to deliver products to our customers”</i>

5.3.1. Routines that were adapted

The CEO of the company states as displayed in (Table 7) that the company has changed their safety precautions. When the company seized a big opportunity, they worked more and demanded more workers. The CEO explains that they bought more safety clothes, glasses and other safety connected apparel. This also made the company implement more routines when it comes to safety. The company already works with a lot of strict rules regarding how they handle their products. The company deals with dangerous chemicals, that can with the use of the incorrect instructions be very dangerous. When the production began to rise it caused the risk

of injury to increase. With more chemicals being handled every day is why the risk increased. The new implemented safety precautions decreased the risk of being injured, by giving instructions on how to deal with every chemical.

The sales manager explains as displayed in (Table 7) that a new routine has been introduced, internal communication. The company started to have more meetings together as a whole but also every division for themselves. The sales manager stated that every division would have meetings about what happened in their field and collect every bit of information. This would then be used in the meeting that is joined by the rest of the company. The overall knowledge of every division would be shared, leading to everyone have more information of every division. According to the sales manager this can give them an advantage if everyone has some knowledge of what goes on in every division. This has been implemented recently and is now occurring frequently at the company.

The sales manager explained as displayed in (Table 7) that a new system was installed during the pandemic. It is a system that tracks prices and currency all over the world constantly. The sales managers perception of the system is that it allowed the company to be more competitive, as the changes in prices will be shown faster than before. The company have created a routine of tracking their products and materials prices after the threats they sensed with the Asian delivery chain. This system was implemented around that time which allowed the company to seize the threat quick. It is now a part of their day-to-day business due to the benefits it brought and can bring.

The participants were then asked if the company has reconfigured any resources or assets? The answers are presented in (Table 8)

Table 8

Did the organization reconfigure, recourses or assets during covid-19?

Position	Quote
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CEO	<i>“The biggest change was investment in safety equipment and tanks related to the products that gained increased demand”</i>
Sales Manager	<i>“The biggest reconfiguration was that we ordered larger volumes on products that gained increased demand during covid-19”</i>
Production Manager	<i>“It was not directly any reconfiguration, only that we increased our capacity to be able to deliver products to our customers”</i>

5.3.2. Reconfigure of resources and assets

The CEO explains as displayed in (Table 8) that the company did make reconfigurations to their resources and assets. The CEO already presented in (Table 7) that safety precautions became more and more prominent in the company. As displayed in (Table 8) the CEO explains how this caused the company to invest in more resources and assets. Safety equipment became the first investment to ensure all employees are safe when handling dangerous chemicals during the production. It is also mentioned that other resources and assets were brought to the company, these were tanks. The tanks in question are used during the production of the products the company were making. With more chemicals being bought by the company to supply the demand from their customer, more tanks were needed.

The sales managers as displayed in (Table 8) explains that the perception over reconfiguration is the same as the CEO. They both coincide that the resources and assets that were reconfigured was due to the products related to the pandemic.

The production manager has a different perception which is displayed in (table 8). There was no reconfiguration that took place according to the production manager, who just mentioned that delivery to customers increased.

The participants got the question if the company has any routines with their customers or a specific customer. The answers are presented in (Table 9).

Table 9

Does the company have any routines regarding customers or a specific customer?

Position	Quote
CEO	<i>“There is not a specific routine but creating the ultimate customer experience can be called our routine”</i>
Sales Manager	<i>“No specific routine, but keeping customers satisfied so that they chose us over our competitors”</i>
Production Manager	<i>“No comment”</i>

The CEO and the Sales Managers had similar answers which are displayed in (Table 9) regarding the customer routines. They both had the same answer that there is no specific routine in place, but their explanations have some differences. The CEO explains that the end goal is to create the ultimate customer experience for everyone. This means checking every process the company has, making sure that it is running to its optimal level. Reevaluate the company, figure out what they are doing that is correct and what is wrong so that it can be fixed. The Sales manager explained that goal is to make the customer choose their company over their competitors. This can be done by satisfying the customers through aspects such as price, delivery time and sale promotions.

5.4. Business disruption affection on Dynamic capabilities

A Dynamic capability represents organizations capacity that enables them to create, modify or extend their resource base (Helfat & Peteraf , 2009). Dynamic capabilities are factors that are unique for an organization and that enables them to

become and stay competitive. The participants were asked what makes them competitive on the market and their answers are presented in (Table 10).

Table 10

What is the main factor that makes the organization competitive?

Position	Quote
CEO	<i>“We are a small company, and we live on our flexibility and speed on decision making processes. Larger competitors have a lot more steps they must go through in order to come to a conclusion and take a decision.”</i>
Sales Manager	<i>“Larger companies are structured as a square and with that they have a difficult time to take advantage of fast expectations. We as a smaller company can take faster decisions and meet the expectations of the market faster”</i>
Production Manager	<i>“Constant overview of the market prices makes sure that we always sell our products to competitive prices.”</i>

The participants had similar perceptions of what the main factor for their competitiveness are. The CEO and Sales Manager gave nearly identical answers, stating that their small size grants them a certain flexibility. The flexibility enables them to have a short and fast decision process which in turn enables them to enter certain markets in shorter time. The production Managers response stood out from the rest; he stated that constant overview of the market prices ensures that their products are always available at competitive prices. The constant overview of prices can be linked to the three stages in Teece (2007) framework: sense, seize, and reconfigure.

Firstly, sense refers to the constant sensing of the market environments price fluctuations. Secondly, seize refers to the organization decreasing or increasing their prices depending on what have been sense. Lastly, reconfigure refers to the organization implementing certain routines/systems to keep their competitive prices.

How did the business disruption Covid-19 effect the organizations dynamic capabilities? The main dynamic capability that the CEO and the sales manager mentions is their flexibility. To understand how their flexibility were impacted it is important to understand how their ability to seize opportunities were affected. Due to their ability to sense opportunities and seize them fast is what flexibility is referring to. The CEO stated:

“When covid-19 begun the market became uncertain, nobody knew what would happen. So, we hit the handbrake, waited with further investments, and only engaged in necessary investments, such as security equipment”.

This statement indicated that the organizations flexibility was affected at the start of the pandemic. They held off on taking unnecessary investments and engaged in necessary investments. Their decisions demanded more sensing to safely seize the identified opportunities. However, the impact on their flexibility can also be viewed as positive. Their flexibility and fast decision processes can also be the contributing factor to why they held off on investments and waited for the market to evolve.

5.5. Follow up interviews

The three participants that had been interviewed previously were asked to take part in a follow up interview. There were certain answers that were unclear after the first interviews, these answers needed further explanation. The first question the participants were asked was, to explain the process of when the production of “hand

sanitizer” stopped. The first part of the processes was sensing, the answers of the participant are presented in (Table 11)

Table 11

Explain the process of when the production of “hand sanitizer” stopped?

Position	Quote
CEO	<i>“We saw how the demand shifted relatively over a few months”</i>
Sales Manager	<i>“The demand for hand sanitizers slowly decreased”</i>

The CEO explained as can be displayed in (Table 11) how the company noticed how over a few months the demand shifted. Hand sanitizer was a product that had very high demand during the height of the pandemic. The CEO then sensed that a lot of customers were satisfied and sensed a demand decrease. It became an excess supply of hand sanitizer on the market due to mass production.

The Sales Manager perception of the demand is like the CEO as displayed in (Table 11). The organization came in and started producing hand sanitizer at a time when the demand was at the highest. The sales manager explains how they came to the realization that it did not make any sense for the organization to produce more hand sanitizers. The demand slowly decreased, for the organization to continue working on that market would not make any sense.

The next step of the process was how the organization acted with their resources and assets after sensing the demand decrease. Answers can be seen in (Table 12).

Table 12

How did the company act with their resources and assets after the demand decrease?

Position	Quote
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CEO	<i>“We had to get back to how it was before... we had to stop using certain assets”</i>
Sales Manager	<i>“Everything had to slow down, work hours and production, it went back to normal”</i>

The CEO and Sales Manager had the same perception of how the organization acted this can be seen in (Table 12). The company had acquired a lot of tanks that were used during the production of hand sanitizers (Table 12). When hand sanitizers stopped being produced the company put more focus on other products. These were the products that the organization originally produced. This caused the organization to get rid of the tanks as they no longer had any use. The work hours also changed as there was no longer a demand to work long hours as they did during the pandemic.

6. Discussion of Empirical Findings

The following chapter presents a discussion of the empirical findings from the previous chapter and highlights its main findings, in connection with the research question and problematization. The chapter is divided into sense, seize, reconfigure, dynamic capabilities and RBV. In addition, the discussion includes connections to existing literature and a discussion for future research.

6.1. Discussion of empirical findings

Previous research tried to examine the connection between Dynamic capability, performance and creativity (Ferreira., 2020). Furthermore, it brings forward how acting quickly, without a strategy, does not result in success. The results from this study have shown that Dynamic capabilities can be used as a tool to turn a threat into an opportunity. However, it has also shown that without a strategy and serious consideration, acting quickly will not give an advantage. This is why the flexibility is not their strongest tool, but their strategic planning of their resources and how they implement them to sense, seize and reconfigure gives them an advantage.

Research from Thukral et al. (2021) discusses how business disruptions bring forward challenges to organizations. Organizations have to use their creativity to turn these challenges to opportunities. The participating organization, as presented previously, had their creativity affected when they were hit by the repercussions of a business disruption. They experienced a situation where they did not understand what actions needed to be taken on the market. Their impact on creativity caused their performance to drop and they had to step back. The moment the organization started to act on the market again was when the creativity was back and new innovative thoughts were formed. These could then be used to solve the repercussions brought on them by the pandemic.

According to Fainshmidt et al. (2018) Dynamic capabilities and their relationship with competitive advantage is complicated. The factors to understand the relationship should be focused on and not looked down upon. They paint the true

value of a Dynamic capability. The participating organization was a part of this confusion as they thought they stand out against their competitors because of their flexibility. The findings do shed some light on their flexibility as it is a strong tool within the business world.

Another important factor for the organization's Dynamic capability is their usage of sense, seize and reconfigure. There are more factors that are important other than sense, seize and reconfigure. The way they handled their human, physical and organizational resources gave them the opportunity to sense, seize and reconfigure. This was due to the systems they had in place, but also implemented during the pandemic, such as internal meetings and the currency program. Their human resources, the organization's employees were able to understand how the pandemic affected them and how it should be acted upon. When these factors are already in play, they use their flexibility to act faster than others on the market. This explains the complexity of the relationship. It is not only how fast they act, but also about gathering the correct information to form an adequate strategy. This means that Dynamic capability has several layers that need to be considered.

According to Lund et al. (2019) organizations will experience different types of effects from a business disruption. These effects will also reoccur. The organization was affected in positive and negative ways. The pandemic brought opportunities that were sense, seized and reconfigured with a combination of their various resources and their flexibility. The business disruption's duration lasted for a longer time frame and brought effects that impacted the organization negatively. With the help of human and organizational resources they tackled the effects of the pandemic.

According to Puliga & Ponta. (2021) organizations, during the pandemic were either affected in a negative or positive way. The participating organization was one of the few who prospered during the pandemic. The organization had resources implemented that sensed new opportunities and they were eventually seized and reconfigured. The opportunities were not handed to the organization,

but they had the right resources, employees, and systems in place to act quick to seize every opportunity or threat.

6.2. Sense

Organizations used sense to evaluate the business environment and to identify opportunities and possible threats. Sense is a crucial component for every organization, since it enables them to identify and monitor activities that constantly shift in the business environment. We argue that business disruption causes rapidly changing business environments where the market settles in an unsecure position. This argument is confirmed by the participants as they stated that the market environment become unsecure when Covid-19 began. The pandemic further, contributed to the market prices constantly fluctuating due to the supply chain from Asia breaking down.

We found that, during the covid-19 pandemic the participating organizations sensed the threat of the unsecure market and decided to withdraw from investments. This decision was made to better be able to sense new possibilities that the pandemic might introduce. One layer of their Dynamic capability, human resources was affected. Their understanding of what the next step should be was not clear, the pandemic had affected their creativity. The organization later sensed an opportunity to enter the hand sanitizer market. As stated by the participants, the organization sensed the increased demand for hand sanitizer and decided to use that advantage and thereby positioned themselves in a competitive position on the market. They could sense the demand through their software and network of different customers and suppliers.

The findings demonstrate a correlation between sense in theory and sense in practicality. We identified that the organization sense possibilities via their broad contact network that is usually taking place between seller and buyer. Moreover, the organization buys and sell products to and from companies that could be their competitors the next day. Due to this, they can sense an overall picture of what the

competitors are up to on the market. The resources involved in this step are their human and organizational resources. The behavior of customers and suppliers was communicated and discovered through their organizational resources between the different divisions.

According to our findings, business disruptions as Covid-19 does affect an organization's process to sense opportunities and threats on the market. The organization's employees were not able to sense like prior to the pandemic because they had to understand what effects the pandemic was causing. We found that the participating organization sensed the threat of the unsecure market and acted accordingly. This enabled the participating organization to avoid more financial loss and continue to sense opportunities throughout the business disruption.

6.3. Seize

Seize is a term used to describe how organizations act upon a sensed opportunity or threats. It's important to understand how to seize the opportunity into the business system through a product, routine or service. Organization must understand how to act upon a sensed threat. To seize the threat through investments in resources, assets.

According to Teece (2007) investing and developing through seizing gives an understanding over what the organization is capable of. The impact of investments and development gives organizations reassurance over the current capability. The organization that was interviewed did have estimates over its capability to perform. The findings show that the organization felt that its capability to perform became better during the pandemic. As the organization seized the right opportunities that came along because they made investments in resources and assets. That gave the organization the sense of how capable they are.

According to the findings, seizing opportunities and threats was affected by the Covid-19 pandemic. The participating organization that was interviewed experienced great opportunities that Covid-19 brought for them to seize. Furthermore, the pandemic brought along a major threat that the organization had to act on. The threat started building uncertainty in the organization, whether the opportunities would be able to be seized. The organization acted quickly to seize the threat for it to not have potential to cause any damage financially. The quick reactions generated edge in the market giving the participating organization competitive advantage. A fast response would not give a competitive advantage without the correct directive. The employees understood the threat through the systems with the currency fluctuation and through the organizations weekly meetings. This gave them the correct information on how to deal with the threat.

6.4. Reconfigure

Reconfigure is used by organizations to successfully maintain the routines and processes that keep them competitive. This step is important for organizations due to the impact it has on the longevity of processes and routines.

According to Lund et al. (2020) it is important to find solutions to minimize the cost business disruptions cause to organizations. Furthermore, Eisenhardt & Martin (2000) states, that to stay competitive managers alter their resources and recombine them together to generate new value creating strategies. That either keeps or places the organization in a competitive position in the market. The findings show a correlation to these two statements. The participants statement in the findings explain how and in what way routines were applied in the organization. The organization has during and after the covid-19 pandemic developed routines and processes. For the organization it was important to use their resources for these routines, this is for future potential threats to the organization. Constant use of these routines and processes strengthens the organization as it keeps them ahead in their market.

According to Teece (2007) reconfiguring suggests that the ability to recombine and reconfigure, resources and assets as the organization growth leads to profit. Through the findings we have identified the organizations resource and assets reconfiguration. When the large demand was sensed and the organization acted upon an opportunity, this caused a reconfiguration. This statement correlates to the statement of the participants. How the organization resources and assets increased in volume to support the influx of product and material arriving to the organization. By reconfiguring the organization not only increased their production but found a way to gain more profit financially.

The findings suggest that the participating organization has successfully managed to use the theoretical framework during the pandemic to stay in and develop competitive advantage. According to Teece (2007) the organization will need sensing, seizing and reconfiguration capabilities to be developed simultaneously and applied to make it possible to build and maintain a competitive advantage. The findings describe how the organization has used all capabilities when hand sanitizer had a high demand. Their ability to sense and then seize the opportunity and reconfigure their resources and assets to gain competitive advantage. When the demand for hand sanitizers decreased the organization was due to their flexibility quick to sense it and seize the threat by reconfiguring their resources and assets (Fainshmidt et al., 2018).

6.5. Dynamic capabilities

According to theory a dynamic capability is a unique factor that enables organizations to be or become competitive (Helfat & Peteraf , 2009). The results indicates that one of the participating organization's main dynamic capability is their flexibility. It enables the organization to be fast and agile in decision making process, which enables them to be ahead of the competition and be the first movers on the competitive market.

The Dynamic capability: flexibility was slightly affected at the early stages of covid-19 since the organization had to be more careful regarding their investments and decisions. However, dynamic capabilities provide a method for achieving organizational adaptation and performance benefits. This study demonstrates a correlation between the participating organizations flexibility and the method for achieving organizational adaptation and performance benefits. When examining the findings, the dynamic capability of the organization is more than the flexibility. This is shown when the organization was affected with Covid-19 pandemic. They had to use their human, physical and organizational resources to find a solution. This was the foundation for the employees as they sense, seize, and reconfigured to gain competitive advantage on the market with their flexibility.

6.6. RBV

According to Eisenhardt & Martin, (2000) organizations in possession of human, physical and organizational resources that are rare or imitable, can give the organization sustainable competitive advantage. The results indicate that the participating organization has shown contributions towards RBV. Their usage of resources with different types of attributes gave them sustainable competitive advantage. One of their rare resources was the backup supplier network. This gave the organization a new supplier before others were able to attain one. Their machines in form of physical resources were already established whilst some had to be brought in to keep up with the demand.

The organization's ability to sense what type of resources were necessary during the pandemic. An important factor that helped the organization to sense was their strong core of human resources. The employees had a great understanding of what type of resources needed to be implemented and used to combat the disruption. The weekly meetings which involved various resources such as the software programs that can tell price changes, supply, and demand changes. Also, their human resources in the form of contact networks were used to gain new

information. These different actions combine are in line with the theory by (Eisenhardt & Martin, 2002), which explains how RBV can impact competitiveness during business disruptions.

7. Conclusion

This chapter presents a summary of this thesis followed up by a conclusion regarding dynamic capabilities during external business disruption. Finally, theoretical contributions, critical review, and suggestions for future research.

7.1. Summary of dissertation

This thesis researched how SMEs maintain the old and acquire new dynamic capabilities to stay competitive throughout and after business disruptions. This were done by analyzing the business disruption covid-19 impact on SMEs and their dynamic capabilities. During the recent two-years SMEs have experienced impact on their dynamic capabilities and business strategy and our research indicates this as well.

The aim of the research was to gain further knowledge on external business disruptions and their characteristics, understanding SMEs and their use of dynamic capabilities, and wheatear they would be impacted by events such as Covid-19. The participating organization was used to represent SMEs in this study, to showcase their work with dynamic capabilities, as well as their experience throughout Covid-19. An established framework from Teece was used to present the foundations of dynamic capabilities. Three main processes of the framework were presented, that illustrate how SMEs can develop and sustain competitive advantage in the long term.

The data collection was conducted through semi-structured interviews with one Swedish organization, involved in the chemical industry. The organization revealed in the findings that the external business event, Covid-19 pandemic, did impact their dynamic capabilities. The participating organization did not experience hardships due to external business disruptions, instead flourished during this period by developing dynamic capabilities. This research has given an insight on the perspective of SMEs on business disruptions affect.

7.2. Conclusion

To conclude, this thesis explored how SMEs maintain the old and acquire new dynamic capabilities to stay competitive throughout and after business disruptions. The results indicated that the participating organizations dynamic capabilities were affected during the start of covid-19. Where, the participating organization sensed the threat of the pandemic and decided to withdraw from investments and enhance their sense processes. The study found that the decision to withdraw from investments were accomplished due to their lack of creativity and information from various resources.

Later, the participating organization searched the unsecure market for opportunities and identified the enhanced demand of hand sanitizer. They seized that opportunity by reconfiguring their organizational assets to be able to produce their own hand sanitizer and thereby enter a new market. Due to, the participating organization's fast decision-making process in combination with their implemented system that detect price fluctuations and their supplier network. The organization was able to enter the market before the competition and thereby securing themselves a new opportunity. They held on to this opportunity until they sensed the threat of a saturated market where they seized this threat by moving out from the market. The study identified that this market entry used the three stages of Teece framework: sense, seize, and reconfigure. This further, establishing the relevance connected to the theory that these three stages lead to dynamic capabilities and becomes competitive advantage.

Another underlying layer that allowed the organization to sense, seize and reconfigure was their use of human, physical and organizational resources. The human resources; their employees understood every threat and opportunity due to their various resources. To their help they had physical resources in the form of programs that detected currency/value fluctuations. That was presented through their organizational resources; their weekly meetings. This shows that correct

implementation of the three resources can give the organization competitive advantage in a pandemic.

The main insight in consideration to the research question is that the established Dynamic capabilities were impacted by the external business disruption Covid-19. However, their Dynamic capabilities were less impacted than we imagined, the participating organization were only impacted on two occasions. Firstly, at the start of Covid-19, their creativity was impacted, which led to that the sense, seize and reconfigure process did not work. The flexibility was not impacted because the pandemic impacted the employees and other resources. Secondly, their reconfigure capabilities were affected when the supply chain from Asia broke down, which forced them to reconfigure towards European suppliers. The study found that when SMEs experience an impact on existing dynamic capabilities they try to sense, identify, and reconfigure new dynamic capabilities. This can be achieved due to their foundation of human, physical and organizational resources. That combination enables them to act fast and stay competitive throughout the business disruption.

7.3. Theoretical Contribution

The aim of this thesis was to examine how dynamic capabilities were affected by external business disruptions. Thereby, examining how one SME reacted and acted during Covid-19 provided necessary insights, to what dynamic capabilities were used and how they were affected. Furthermore, identification of routine-based capabilities was examined to contribute to the theoretical divide regarding dynamic capabilities. The theoretical divide regarding dynamic capabilities is if they are considered routine or not, and if organizations in dynamic environments install routine or non-routine dynamic capabilities. Our findings suggest that organizations install both routine and non-routine dynamic capabilities, which contributes to the theoretical field. The findings further establish Teece frameworks relevance on how dynamic capabilities are used to stay competitive in rapidly changing environments. Due to, our identification of sense, seize, and reconfigure are of use from the participating organization during Covid-19.

7.4. Practical contribution

This study showcased the effects business disruptions can have on SMEs and their dynamic capabilities. An organization that is an actor in the chemical industry presented their experience during the Covid-19 pandemic. These experiences included how Covid-19 pandemic impacted the organization, and the impact it had on their dynamic capabilities. Additionally, how the organization implemented new Dynamic capabilities during the pandemic to uphold their competitiveness.

This study gives practical contributions on how an organization has acted on the impacts Covid-19 brought upon them. How the organization has sensed the opportunities and threats, seized them as products and services, and then reconfigured them as routines and processes that will be developed over time. With business disruptions occurring frequently this practical contribution showcases how organizations can use their dynamic capabilities throughout business disruptions to uphold their competitiveness.

7.5. Critical Review and Future Research

This thesis investigated how SMEs uses Dynamic capabilities and how they were affected by external business disruption. The study conducted a single case study on an organization within the chemical industry. In future research it would be of interest to apply the same research approach on multiple organizations in different industries. To gain a deeper understanding of how Dynamic capabilities are used in different market environments.

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Appendix A – Interview guide

Introduction questions

Question	Purpose
1. How long have you been employed at the company?	Understanding how long the employee has worked the company.
2. What is your role at the company and what tasks cover that?	What their role is and what type of tasks employees with that role have to do at the company.
3. Can you describe a typical day at work?	Understanding how their process of work is.
4. How would you say that other companies in your market reacted during the pandemic covid-19?	Understanding their market and their competitors actions during a business disruption.
5. Dynamic Capabilities is that something you hear of before?	Understanding former knowledge around the term Dynamic Capabilities.

Sense questions

Question	Purpose
1. What does the company do to “sense” threats on the market?	Understanding in what way the company is able to sense threats.
2. How does the company sense opportunities on the market?	Understanding in what way the company is able to sense opportunities.
3. Are there any routines/systems that the company uses to sense opportunities and threats?	Understanding if there are any physical, human, or organizational assets used by the company that help the “sense”.
4. Have these routines/systems changed during the pandemic?	If business disruption has been able to interfere with these routines and systems.
5. Did the company add any new routines/systems during the pandemic, if so, can you give any examples?	If business disruption caused the company to create new routines/systems.
6. What threats did the company sense during the pandemic?	Gaining knowledge on if the company sensed any threats to understand what type of threats they can sense.

Seize questions

Question	Purpose
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1. During the pandemic how do you experience that the company's ability to perform was affected?	Understanding in what way the company's ability to perform was affected, positive or negative.
2. Has the company tried to seize any opportunities/threats that were sensed?	Gaining further knowledge over how the company works with their Dynamic Capabilities.
3. When the company does investments, how is that decision made?	Understanding who decides the investments and the length the decision takes.
4. According to the Dynamic Capabilities theory, companies can turn opportunities into new routines, products, or services, do you have any example of your company doing this?	Understanding how their company seize opportunities they have sensed.

Reconfigure

Question	Purpose
1. Did the company reconfigure any resources or assets during the pandemic covid-19?	Understanding how the company operates with one of the Dynamic Capabilities, reconfiguring.
2. A Dynamic Capability can be an exclusive customer/s, how do you act to keep your customers and is there any routine you follow?	Gaining further knowledge of how the company reconfigures, with a specific example.
3. Did the company add any new routines/systems during the pandemic that are still in place?	This shows that they continue to reconfigure their assets.
4. How does the company act to stay competitive?	Gives further understanding over the company's reconfiguring as it shows how they use it to stay competitive.