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UNDERSTANDING HOW UNICORNS DESIGN AND USE
THE EMPLOYEE EXPERIENCE TO INCREASE ENGAGEMENT

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Abstract

This research presents a theoretical framework for understanding how unicorn ventures design and use employee experience to increase employee engagement. The findings are based on interviews with two unicorns and reveal that the growth phase of a unicorn affects their focus and the design of their talent management strategy, which in turn affects their employee experience. It was found that a continuous adjustment of the unicorn's framework is necessary due to the hyper-growth environment and fast-changing demands. By continuously adapting their talent management strategies, unicorn ventures can ensure that they have the right employees in the right roles at the right time.

Keywords

Human Resources Management, Talent Management, Employee Experience, Employee Engagement, Unicorn, High Growth Venture, Startup

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Be the reason for someone's smile.

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List of Abbreviations

Employee Engagement	EE
Employee Experience	EX
Human Resources	HR
Talent Management	TM

1 Introduction

Many environmental and societal changes have forced organizations to rethink the future of work as well as the relationship between the enterprise and its employees (Ahire and Sinha 2022; Plaskoff 2017). A recent survey conducted by Microsoft suggests that the pandemic, an already highly transformative period, has sparked a new post-pandemic future of work. As a result, the topic of talent management (TM) has received increased attention as now it takes more effort to engage, develop and retain the workforce (Ahire and Sinha 2022; Al Ariss, Cascio and Paauwe 2014). According to Gallup's research (2022), since the pandemic, the level of engaged employees in the United States decreased while the value of actively disengaged employees rose simultaneously (see Appendix A). This effect is reflected in the predicted voluntary turnover rate in the United States: in 2023, it is projected that one in three workers will voluntarily quit (Mahan, et al. 2020).

Low employee engagement (EE) can be especially critical for the best performing enterprises along high growth startups which are titled as “unicorns” and valued at more than \$1 Billion (Lee 2013; Lynch 2021), because startups face the challenge of a 50% lower job tenure compared to established firms (Sullivan 2018; U.S. Department of Labor 2022). Research found that human capital has an impact on the advancement and cultivation of unicorns (Chen, Xiao, and X. 2018; Chu and Song 2017; Dellermann, et al. 2017). The workforce at high growth enterprises is essential to their success because it enables the business to build, grow, and scale in a volatile environment (Roundy and Burke-Smalley 2022; Salgado, Flegl and Fejfarová 2020). As unicorns are highly innovative companies (Lynch 2021), a focus on EE is necessary to drive innovation, productivity, and to strengthen their competitiveness (Pandita and Ray 2018). Hence, “talent management should be a crucial effort as a startup grows and sustains” (Salgado, Flegl and Fejfarová 2020, 139)

In many academic and practitioner circles, the concept of employee experience (EX) recently emerged as a hugely resonant notion and has been identified as a central driver that defines strategic HR management priorities (Cornelius, Ozturk and Pezet 2022). “The key to connecting with employees is having an integrated and comprehensive EX strategy [...], shifting from the episodic employee relationship to a deeper and much more meaningful relationship” (Debouk 2020, 28). According to Mazor et al. (2019), organizations with the most persuasive EX have 22 percent higher EE than enterprises with a less convincing EX. Additionally, employees at these organizations were four times more likely to keep their positions than employees at less attractive organizations. A thoughtfully planned EE therefore results in attracting and retaining the best talent which drives innovation and delivers a better customer experience (Gheidar and Zanjani 2021). As unicorns are high growth ventures, where innovation is key to success, strengthening EE through EX is likely crucial to their long-term success.

Previous research has shown that talent management is a critical factor for the success of high growth ventures (Salgado, Flegl and Fejfarová 2020; Roundy and Burke-Smalley 2022). However, as unicorn ventures are a more recent phenomenon (Hurun Research Institute 2021a), little is known about the specific strategies and best practices that high growth ventures use to improve EX and increase EE. This research aims to understand the usage and design of EX as an EE approach to provide a theoretical framework with key elements of EX at unicorn ventures. For this, the following two research questions are examined:

- 1 How are unicorn ventures using EX as a reinvented TM approach to enhance the employee engagement by understanding and fostering the employer-employee relationship?
- 2 To which extent does a mature EX approach impact employee tenure at unicorns?

The paper begins with a review of the literature on key terms, followed by presenting the research methodology and findings based on the interviews with two unicorns regarding the design and use of EX. Subsequently, a theoretical framework arising from the findings is presented. The paper concludes with a discussion of the implications of the findings.

2 Literature Review

2.1 Definition of Key Terms

In this section, the paper provides key definitions to provide a foundation for the further research on EX at unicorn ventures to increase EE.

2.1.1 Talent Management

A review of academic literature provides various opinions, assumptions, and definitions about TM. One seminal article from Lewis and Heckman (2006) defines the three essential approaches of TM. The first stream considers a broad HR perspective where TM is based on typical HR management activities such as attraction, selection, development, and career planning to guarantee the right person is in the right job at the right time. In contrast, the second approach emphasizes talent pools where the main intention is to develop selected, high-performing employees to ensure a succession planning for key leadership positions. The third perspective focuses on talent as a highly competent performer. “Organizations are encouraged to manage performance pools of talent generally rather than succession pools for specific jobs” (Lewis and Heckman 2006, 141). This paper will consider the first and more universal TM strategy to not constrain the perspective on a limited group of persons, processes, or activities. This way, a holistic perspective can be obtained, and the research is not limited by predefined processes or definitions of talent itself. In addition, the subject of EX is further discussed, as it affects the entire workforce.

TM processes aim to improve the recruitment and development process for people (Bhatnagar 2007), to optimize the performance of HR teams, and to drive results valued by the stakeholder

(Pandita and Ray 2018). The advancement of processes such as performance management, feedback method, and incentive strategies has a significant influence on the sustainability of organizational performance (Al Aina and Atan 2020; Pandita and Ray 2018).

Overall, the concept of TM has been driven by the assumption that enhancing talent abilities is a source of long-term competitive advantage and improvement of company performance (Scullion, Collings and Caligiuri 2010). TM has become therefore closely tied to human resource management practices in enterprises (Farndale, Scullion and Sparrow 2010). This is the reason for a mostly performance- and improvement-focused motivation in the implementation of TM processes (Al Ariss, Cascio and Paauwe 2014).

2.1.2 Employee Experience

The pressures of the marketplace for innovation and sudden change in consumer expectations, as well as talent scarcity, require that employees engage in various ways with their work and their employer (Gartner 2020). Plaskoff (2017) is a key figure in the growing recognition of people management theory and practice. He theorizes that employees in the contemporary era value their EX as a critical part of their work. His research emphasizes the need to rethink and transform the relationship between the organization and its workers by more deeply understanding their point of view, needs, and emotions. In this sense, EX builds on the sum of all individual interactions with the employer and results in the “employee’s holistic perception of the relationship with his/her employing organization” (Plaskoff 2017, 137).

This conceptualization of EX utilizes an outside-in-thinking approach, similar to how product developers consider customer experience (Manning, Bodine and Bernoff 2012), and utilizes the learnings for internal applications. To create experiences that demonstrate care rather than services, this EX concept uses the same design principles and methodologies (e.g. design thinking and human-centered design) that ensure a holistic approach to the worker's experience.

Analogous to the idea of the customer journey, this concept of EX is the combination of all the touchpoints along the workforce's journey with their employing organization, starting with the attraction of talent and ending with their exit (Gallup 2018; People 2018). To achieve this, the needs and perspective of the employee, as well as the interactions between employee and employer along the employee journey, are identified (Tucker 2020). Elements of EX include, for example, shared values, setting expectations, offering personalized and flexible career paths, and understanding the reasons for employees leaving the company (Gallup 2018; see Appendix B). Using this EX approach, the workforce is actively involved in creating, designing, and shaping the corporation and its processes (Nelson and Doman 2017; Morgen 2017).

EX overall serves as an approach to engage the workforce with a purpose to increase their commitment, motivation, and overall positive attitude towards the organization which consequently leads to a greater innovation as well as retention (Plaskoff 2017; Erkmen 2018). In the first step of conceptualizing EX, it is necessary to identify the expectations of the workforce to thereupon derive actions for support, empowerment, and competence to be successful in their responsibility (Whitter 2019). The implementation of EX is an infinite process, as it is based on the ever-changing employee's expectations (Panneerselvam and Balaraman 2022).

2.1.3 Employee Engagement

Defining employee engagement has been a topic of debate among academics and practitioners alike (Macey and Schneider 2008). Based on Macey and Schneider's (2008) research, EE can be generally understood as a desirable state of mind that includes components such as organizational commitment, job involvement, enthusiasm, and passion. This state is not tied to any specific event, individual, or behavior, but is rather a more enduring and pervasive attitude (Schaufeli, et al. 2002).

Effective TM practices have been shown to foster EE, leading to increased productivity in the workplace (Pandita and Ray 2018; Caldwell and Anderson 2021). Payambarpour and Hooi (2015) found that an engaged workforce has a positive impact on overall organizational performance, setting highly successful companies apart from their less profitable counterparts (Swati 2016). In addition to increased productivity (Weiblen and Chesbrough 2015), an engaged workforce can also result in lower turnover rates, attracting talent, and building a knowledge base (Albrecht, et al. 2015). An employee's commitment to the organization can also drive innovation and better outcomes overall (Pandita and Bedarkar 2015).

Kahn (1990) is considered a pioneer in the field of EE and his research sought to understand the key drivers of this state of mind. Kahn proposed three psychological conditions that enable EE: meaningfulness (e.g. the value and significance of an employee's work), safety (trust in the working environment and clear expectations), and availability (mental and physical ability, as well as the necessary tools to complete the work).

2.1.4 Unicorns

The term 'unicorn' was coined in 2013 by venture capitalist Aileen Lee to describe privately held startups with a market value of \$1 billion or more (Lee 2013). Unicorns are businesses that have never gone public, have raised at least one round of funding, and are not divisional buyouts of public firms (Brown and Wiles 2015). De Massis, Frattini and Quillico (2016) identify three key characteristics of unicorn ventures: a small workforce, experienced leadership, and financing from venture capital. These companies often rely on venture capital funding to cover their operating expenses and investments, supporting their continued growth (Grillo 2016). Because venture capitalists often hold significant stakes in unicorn companies, there is intense pressure to innovate and quickly bring products to market (De Massis, Frattini and Quillico 2016). Rapid scaling is essential for achieving entrepreneurial success and reaching the billion-dollar valuation mark (Kotha, Shin and Fisher 2022).

The growth stages of a unicorn venture vary depending on the specific company and industry. Common stages of growth for a unicorn venture may include the following: idea and founding, early growth, expansion and scaling, maturity (Di Vaio, et al. 2022; see Appendix C).

2.2 Talent Management, Employee Experience and Employee Engagement

Rapid demographic, technological, and globalization changes have extensive global implications for work and workers. As the business context continuously changes, expectations of employees also shift. HR practices and consequently TM as a crucial part of them must permanently restructure themselves to meet the employee's needs. Claus (2019) emphasizes that innovative enterprises realize that their TM strategies no longer meet the requirements of their employees. Progressive companies focus on creating a meaningful EE to attract and retain the talent they need. As defined in the previous section, TM practices came to be understood as “a set of sustainable organizational strategies that use human capital to the competitive advantage of the organization, as well as a portfolio of integrated HR activities that result in putting the right people with the right competencies in the right job in the right place, and at the right cost” (Claus 2013). To gain a competitive advantage, it is crucial to develop EE to promote success and to implement effective TM measures that support this outcome (Eldor and Vigado-Gadot 2016).

According to Claus (2019), TM needs to be reinvented by placing EE at its core. The new organizational TM architecture aims to design a meaningful and individual experience between employee and employer. The architecture is about producing EE through HR resolutions that meet the desires and expectations of employees while also meeting the organization's talent requirements. This is where EX plays the key role, as EE and EX are interrelated: “engagement [...] is delivered through experience” (Panneerselvam and Balaraman 2022, 202). Research defines EX as the key dimension and important source for EE (Tucker 2020, Malik, et al. 2022;

Itam and Ghosh 2020). One example of an important dimension of EE is communication, as involvement in dialogue leads to a meaningful EX (Lemon 2020).

In summary, TM activities of an organization aim to use their human capital to their competitive advantage to increase productivity, attract talent, build a knowledge base, and strengthen their innovative power. To achieve a company's ambitions, reaching the desired state of engagement is key and bridges the gap between organizational and human needs (Eldor and Vigado-Gadot 2016). In the face of ever-changing circumstances, innovative companies are rethinking their TM strategy from an EX perspective. By prioritizing EX, companies can improve EE and ultimately increase stakeholder value. The interactions and relationship between the employee and employer resulting in the overall perceptions and feelings towards the employer should be the initial point to creating a sufficient TM strategy. The figure below shows the correlations between TM, EX, and EE:

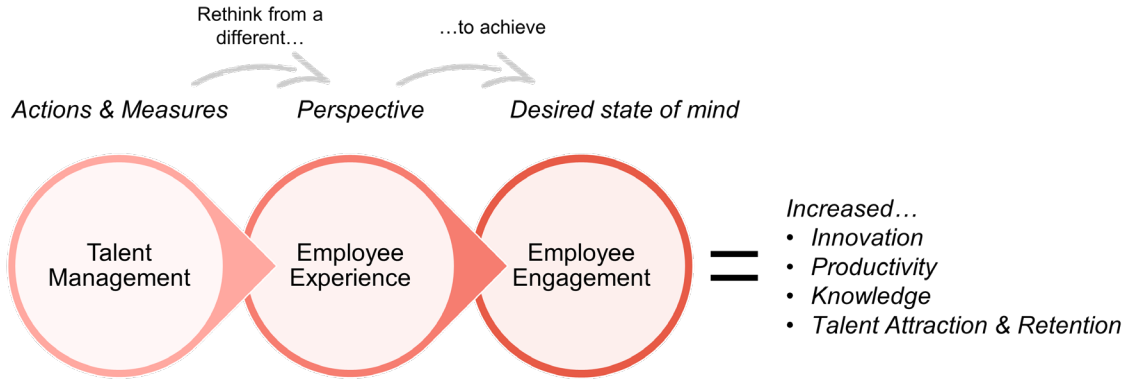


Figure 1 Conceptual model based on literature review

2.3 Employee Experience at High Growth Ventures

High growth ventures are defined by unpredictability and high risk. Innovation is a critical driver for these companies, especially for unicorns- being the most valuable startups. Due to their scalable business model, unicorns find themselves in a dynamic and fast-growing setting (Lehmann, Schenkenhofer and Wirsching 2019), making it essential to create a high-

performing work system and manage their talented workforce (Bendickson, et al. 2017). EE is a crucial factor in motivating employees and developing the skills needed during an intense growth phase (Bratianu 2017). Engaged employees are willing to go above and beyond the line of duty and often inspire innovative ideas (Pandita and Bedarkar 2015). Human capital is the primary growth mechanism of unicorns, as it determines the quality of their products and services (Bendickson, et al. 2017).

Beyond external factors which demand the implementation of a sustainable EX approach at unicorns, there is an even more compelling argument: venture capital is the most used source of funding. A startup can grow to be worth \$1 billion primarily through venture capital, which can be used for operating expenses and investments to continue scaling their business (Correia, Dionísio and Vidigal 2021). Research suggests that human capital is one of the key properties a venture capitalist looks for in an investment (Kumar and Sharma 2020). This is because venture capitalists want to maximize their invested money and are therefore looking for guarantees of growth potential and Competitiveness (Drábek, Lorincová and Javorčíková 2017; Berger-de León, et al. 2022). As such, human capital in the form of a highly skilled and engaged workforce is vital for unicorns, both from a skill and an equity perspective, to drive the company forward and achieve its goals. EX strengthens the relationship between employees and employers, enabling high growth ventures to secure venture capital by engaging the best workforce.

3 Research Methodology

3.1 Purpose of the Study

The purpose of this research is to understand if unicorn ventures build and review their TM strategy from an EX perspective and how this approach is designed and used to achieve EE. This paper will explore how the unique, volatile, and dynamic environment of high growth ventures may affect EE and strategies to achieve it. It is crucial for unicorns to ensure EE, as

this is the driver of innovation and productivity. Overall, this study on unicorn ventures' EX strategies has the potential to provide valuable insights into how these companies are able to create engaging EX as the scientific literature so far deals with it to a very limited extent. In addition, the research might contribute to future of work challenges and how to successfully address these based on best practice examples from highly successful ventures in a fast-paced environment.

3.2 Methodology

The methodology used in this research was a multiple case study method (Yin 1981). This approach was chosen because it allows for the identification and understanding of key factors and processes related to the EX approach at unicorn ventures, with the goal of creating a framework of success factors for the future of work. The multiple case study method is well-suited to this research because it allows for the description of the current state of a phenomenon within a real-life context (Yin 1994). The approach of the multiple case study consists of the foundation, prefield, field, and reporting phases and will be further described in the following.

3.2.1 Foundation Phase

The first step of the case study aimed to establish the framework of the research and build a strong foundation. Three elements were examined: philosophical consideration, inquiry technique, and research logic consideration (Rashid, et al. 2019).

The research followed an interpretive paradigm, which allowed for multiple interpretations of the research problem (Greener 2008). This approach is particularly relevant for the study of EX, as it focuses on explaining the meaning of human experiences and actions (Ellie, et al. 2002). To analyze the research questions, a qualitative research method was chosen. In addition, an abductive research logic (Rashid, et al. 2019) was applied to develop the framework for this research. This allowed for a process where the theoretical framework, empirical fieldwork, and case analysis evolve simultaneously (Dubois and Gadde 2002). Furthermore, the chosen

research logic provided implications for future research (Rashid, et al. 2019). As the phenomena of unicorns and the concept of EX recently emerged, little scientific research has been done on these topics to date (Kotha, Shin and Fisher 2022; Cornelius, Ozturk and Pezet 2022).

3.2.2 Prefield Phase

In the prefield phase, propositions were defined to guide the selection of cases for study. (Rashid, et al. 2019). These propositions assumed that the sustainable integration of EX is a key factor in the success of unicorn companies

The multiple case study was chosen as a suitable research strategy, as it is a good tool to identify and understand essential factors and processes concerning EX at unicorn ventures to set up a framework of success factors for the future of work. In addition, it describes the current state of a phenomenon within a real-life context. Following the interpretive paradigm along with an abductive research logic, the empirical material focused on the TM strategies of unicorns following an EX approach to increase EE.

To identify comparable cases, three propositions were defined: the valuation of the startup is more than \$1Bn, it is privately held and no divisional buyout of public firm. Based on these, interviewees were identified and considered:

3.2.3 Field Phase

The third phase of the case study research focused on the actual interaction with the participants and the execution of the interviews (Rashid, et al. 2019).

In the field phase, HR experts from unicorn companies were interviewed using a semi-structured questionnaire. To gather qualitative data, the interviews were undertaken along predefined empirical discussion pointers which were grounded on the two research questions (see Appendix H).

In the beginning of the interviews, all participants were briefed about TM, EE, and EX to ensure a common understanding regarding the key terms on which the research is based on. For this, a PowerPoint presentation was prepared and slides with corresponding content is shown and explained (see Appendix G). In a second step of the semi structured interviews, the EX approach of their enterprise was discussed, based on the predefined empirical discussion pointers.

All interviewees were contacted through LinkedIn and virtual interviews were conducted with HR experts who are employees at a unicorn venture. The unicorns were selected based on the beforementioned case propositions. Figure 3 shows the demographic profiles of interviewees and briefly describes the participating cases.

Case 1			
Industry	Internet software & services	Valuation	\$8,50
Country	Germany	# Employees	1.600
Founded	2015	Turnover rate	1.4 years
Unicorn since	19.01.2021	Interviewee	Talent Sourcer

Case 2			
Industry	Fintech	Valuation	\$1,00
Country	Germany	# Employees	600
Founded	2016	Turnover rate	1.3 years
Unicorn since	28.04.2022	Interviewee	Senior People Business Partner

Figure 2 Case descriptions

3.2.4 Reporting Phase

The final and most important step was the reporting phase, which aims to analyze and interpret the empirical data of the semi structured interviews. The data was systematically gathered, organized, and interpreted (Rashid, et al. 2019).

The first step focused on the preparation of the collected qualitative data. This step included becoming familiar with the gathered data, organizing, and merging it, as well as reviewing the literature. In the second, known as the exploration step, key patterns were identified, and insights were grouped in first- and second-order codes and in an overarching dimension (see

Appendix L). The third phase is the specification step, during which connections and intersections in between cases were distinguished. Recognized patterns were connected to the understanding of the literature and the following categories are identified and applied to the theoretical framework: business strategy, HR organization, leadership, expectation management, personal development, transparency, participation, team spirit, and physical environment.

Finally, in the course of the integration step, empirical material interpretations of the cases were compared and pattern across cases were discussed. This last step led to development of the targeted framework for the key success factors of EX in unicorn companies.

4 Findings

The purpose of this chapter is to present the key findings of the two interviews conducted with unicorn ventures, specifically focusing on the design and practical implementation of EX, its use and implications at the companies as well as its impact on employee turnover. To maintain anonymity, the names of the two cases will be replaced with 'C1' and 'C2'. The individual findings of the interviews can be found in Appendix J and Appendix K.

4.1 Design of Employee Experience

The analysis on the design of EX aims to contribute to the initial part of the first research question, “How are unicorn ventures designing and using EX to enhance employee engagement?” The evaluation is based on the categorization of the statements from the interviewees in Appendix L.

Talent Management Strategy: In both cases, the TM strategy was derived from the venture’s overall strategy. The correlation between these parts is crucial, as unicorns are developing and acting in a fast-paced environment and therefore have different requirements during the various stages of the growth process. This leads to the need of a continuous adaptation of priorities and

focus topics of the TM strategy. In addition, C1 stressed the importance of linking each activity and measure to their values and operational principles (e.g., social responsibility, ownership).

HR Operations: Both respondents explained that their HR structure follows a need-oriented HR setup, meaning that they continuously reevaluate their current requirements from an employee as well as organizational perspective. C1 explained that their HR department is divided into subdivisions with specific responsibilities such as “Diversity and Inclusion” and “Workplace Experience” to ensure a focused implementation of actions by experienced professionals. C2 highlighted their focus in 2022 on HR operations as well as employing a professional for their onboarding measures to successfully manage the expansion and scaling phase from 400 to 600 employees in the first half of the year: “having someone responsible [for onboarding] was a key driver.” C2 additionally emphasized the disclosure of the HR initiatives with the organization. Therefore, their current HR priorities can be reviewed by the workforce and full transparency is ensured.

Employee Development: In both cases, each employee has access to a development budget which can be freely used for advanced trainings. C1 described fostering trust, independence, and ownership by making a four-digit budget available to employees without requiring any permission from another authority. This budget can be used freely and without restriction in the unicorn's favor. In addition, C2 implemented scheduled feedback loops and clear expectation management between the employee and their manager.

Career Paths: Regarding career enhancement possibilities, both unicorns emphasized leadership's responsibility. It is expected that manager proactively identifies and discusses career development possibilities with their employees. Additionally, C2 explained that they have company-wide transparency on information about career levels and corresponding required competencies.

Leadership: Aligned with the employee development and career paths, C1 and C2 reinforced the leadership responsibility of guidance through regular performance and growth cycles as well as the development of the workforce. C2 implemented a dedicated leadership development program to this end with various modules targeting different skills, such as coaching employees and having powerful conversations.

Performance Management: Both cases pointed out their performance reviews. C1 mentioned their official performance appraisal reviews as well as informal development talks between the manager and employee. On the other hand, C2 stressed expectation management which is especially crucial in the beginning. During the probation period, distinct expectations are aligned and measured between the leader and employee. In addition, C2 explained that performance is connected to promotions and salary decisions. To ensure a structured approach, a concrete timeline for predefined performance-loops is in place.

Common Understanding: C1 described: “In order to promote team spirit, we have organized various company-wide events”. One key event of unicorn 1 is their yearly companywide culture week, where every employee of the company comes together at one place to discuss and exchange on the venture’s values and beliefs. As C2 pointed out that during the first days of the employees at their company, the onboarding aims to build up a common foundation to work together towards one goal.

Employee Engagement: A share option program for every employee is offered by both cases. This enables employees to participate in the success of the high growth venture. Furthermore, C1 and C2 have regular employee surveys in place to give their workforce a voice. C1 described two different types of established surveys: quarterly pulse surveys and semiannual engagement surveys. C2 pointed out quarterly engagement pulse surveys. In both cases, the survey results are publicly shared with their workforce and the HR department analyzes and derives measures

based on the outcome to meet the requirements of the employees. Moreover, the two cases described that the results are differentiated by divisions which allows a specific analysis and comparison between teams. C1 pointed out that each teams compares their results with the unicorn's average.

4.2 Use of Employee Experience

Complementary to the design of EX at unicorns, in the following section the use and implications of EX will be discussed, based on the statements of the two unicorns in Appendix K.

Agile adaption to employee's wishes and needs: Considering the statements of the interviewees, it can be noted that the unicorn's TM strategy undergoes need-based adaptation to the employee's requirements in line with the company's strategy. The practice of flexibility and agility is necessary in the high growth environment of unicorns to be able to keep up with the competition and the scaling of their business. This is how C1 and C2 can ensure to derive for the workforce suitable and purposeful measures from the TM strategy.

Need-driven HR operations and competencies: Both unicorns' HR structures reflected their focus on delivering HR services required in their current stage of growth. C1 reached unicorn status in January 2021, while C2 achieved the \$1B valuation in April 2022, which influences their HR focus. On one hand, C1 carved out their strategic HR focus by establishing specific HR divisions staffed with skilled professionals to handle and be responsive to the workforce's wishes. On the other hand, C2 described the importance of having strong people operations available who are responsible for daily questions and the handling of a high number of new hires within a short period of time. Furthermore, C2 stressed the importance of a responsible HR employee who established a structured onboarding process to ensure a smooth integration of the new hires.

Autonomous operation and full-fledged integration of employee: The most critical factor for EX at unicorns to strengthen EE is the supply of freedom in their decisions to the employees. C1 emphasized that “[...] employee ownership and responsibility is key to be successful in a hyper growth environment”. Thereby, a steep learning curve can be facilitated, which attracts young talents. C2 believes in the empowerment of the workforce by a well-established onboarding process and a structured expectation setting.

Transparent and accessible information about career paths and their requirements: Both unicorns described a high transparency on information about individual development possibilities and various career paths. Development possibilities are actively promoted to the employees by the managers.

Crucial impact of leadership on EX: In both cases, the firm’s leadership has a significant impact on the EX. C1 described leaders as a “freedom giver,” meaning that the leader’s role is to develop their employees by providing freedom in their actions through giving responsibility and ownership. Focusing on the leadership development during the hyper growth phase allowed C2 to empower talent and consequently decrease the managers’ responsibilities. C2 reinforced the need that leaders are supposed to empower the workforce to be in the driver’s seat instead of being guided by their manager throughout the whole journey, to define growth parts, and to create an environment where the employees achieve their best results. To achieve this, C2 wants to strengthen accountability for the crucial role of managers regarding EX through the leadership development program.

Fair-minded employer-employee fit: C2 outlined the importance of the employer-employee fit. Therefore, there is a special emphasis on the analysis and transparency of the match between the two parties at this unicorn. C2 identifies the fit between the employee and the employer by analyzing the KPI of regrettable attrition.

Collective mindset: Both cases are convinced that the establishment of a common understanding of the company's culture and values strengthens EE and the sense of belonging. A key measure implemented by C1 is the company-wide culture week: the entire workforce meets at one place to conduct workshops, discussions, and celebrations. C2 reinforced the significant contribution of a systematic onboarding, particularly in a high growth phase, to achieve a collective mindset. Hence, every new employee starts its journey with a standardized company onboarding before getting introduced to their functional role by their manager.

Listen to employees and let them participate in the success of the company: The interviews revealed two important elements of active employee engagement on which both cases concurred. Firstly, share options are offered to the workforce to allow engagement in the unicorn's success and foster the feeling of ownership. Secondly, both cases provide the possibility to every employee to participate in the employee's surveys. Regarding the insights of the surveys, C1 emphasized the disclosure of each team result and the comparison to the unicorn's average to be able to understand one's placement and derive purposeful measures. In addition, giving every employees a voice leads to a continuous adaption of the TM strategy and its activities and embraces agility. A meaningful EX can be reached as there is a continuous adaption towards the workforce needs and wishes and ultimately the desired state of mind EE is reinforced. C2 explained that the "results of the survey aim to show trends and changes within the organization, how measures affected the outcome over time, and which pain points the workforce currently has." Periodical surveys allow the analysis of progress and improvements made over time. Another important factor which benefits EX is finding individual solutions for employees in consideration of their circumstances, which can be attributed to the survey results. C1 pointed out, that besides their venture, their workforce also developed over time: "in the beginning we mainly had young employees, who have now been with us for some time. Not

only the venture, but also the life situation of our employees changed over time. Topics such as family planning or pension insurance are more present, and we need to offer solutions for that.”

4.3 Impact of the Employee Experience Approach on Employee Turnover

The third part of the research findings aims to focus on the second research questions: “To what extent does the EX approach of unicorns impact their employee turnover?”. This section will provide insights on employee turnover, employee tenure, and quantified regrettable attrition.

Both cases have recently experienced intense growth, which influenced their KPIs related to employee tenure and turnover rate due to the high number of new employees. Their employee tenure value is comparable, with C1 having 1.4 years and C2 having 1.3 years. However, their annual turnover rate for permanent employees differs slightly: case 1 maintains 13% while case 2 is currently at 20%. The respondent of C2 explained, "Due to the high number of new employees, we needed to implement a new organizational structure. This change, along with the effort needed to adapt to it, caused some employees to leave." To avoid too much regrettable attrition, C2 measures this KPI and aims for less than 5%. As explained by the interviewee of C2, this allows us to understand why key employees leave and make relevant adjustments accordingly

5 Theoretical Framework

The increasing awareness of the need for EX in the context of EE is growing rapidly. The application of an EX framework differs from already established corporations in the unique environment of unicorn ventures. Based on interviews with unicorns, certain patterns have emerged due to their high growth context. Additionally, it has been observed that the growth phase of a unicorn affects their focus and the design of their TM strategy, which in turn affects their EX and ultimately the outcome of EE. The following theoretical framework aims to

illustrate how unicorn ventures design and use EX to increase EE. A larger illustration of the figure below can be found in Appendix O.

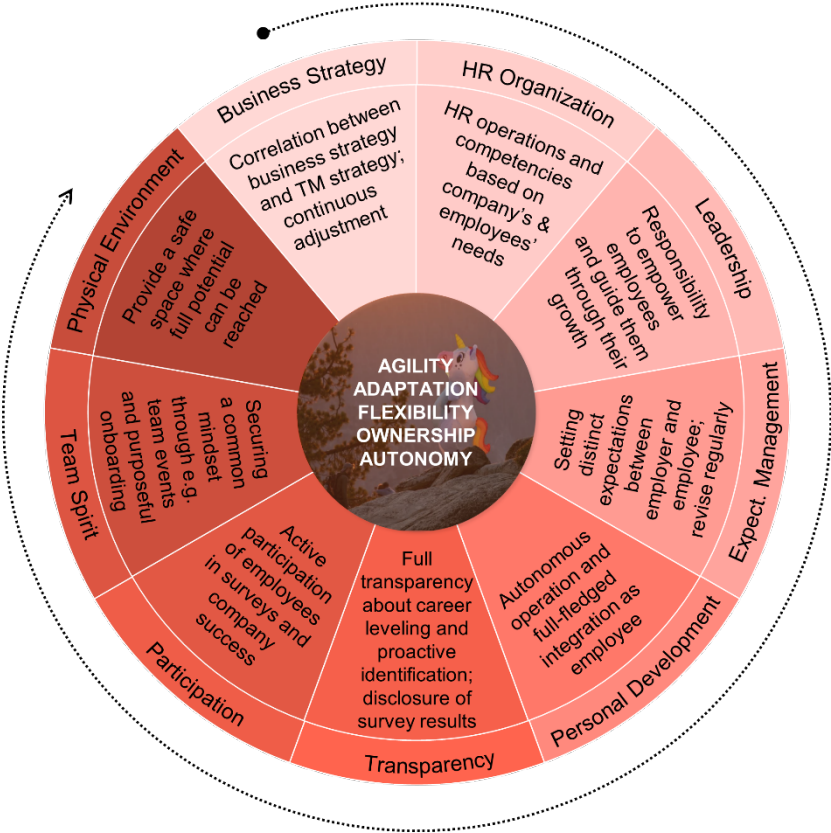


Figure 3 Theoretical framework: Application of EX at unicorn ventures

The framework for EX at unicorn ventures can be grouped into three categories: elements, measures, and outcome. The findings are based on statements from the two interviews and a brief outline of the key findings and compositions is presented in the following section.

It is important to understand the current growth stage of a unicorn, as it influences the approach to EX due to the varying priorities at each stage. The significance of each element is adapted according to the growth phase and corporate strategy. For example, C1 emphasized the elements of personal development, transparency, team spirit, and physical environment (see Appendix P), while C2 stressed business strategy, leadership, and expectation management (see Appendix Q).

The outer circle represents the nine key elements of EX at unicorns that foster EE. These elements are derived from the venture's company strategy and consequently the TM strategy. The nine key elements of EX at unicorns that foster EE can help to understand which areas of TM are crucial in a high growth environment and should be prioritized during the EX process. The following are the key elements of EX at unicorn ventures: Business Strategy and HR Organization aim to provide structure, Leadership and Expectation Management foster guidance, Personal Development challenges ownership and responsibility, Career Enhancement offers perspective, Transparency gives every employee a voice, Team Spirit offers strength, and Physical environment presents a safe space.

The second layer of the framework represents strategies for implementing the key elements of EX at unicorns in order to foster EE. For example, ventures can promote personal development in this setting by allowing employees to operate autonomously and treating them as fully-fledged members of the team. The third and final layer of the framework focuses on the outcomes of implementing these strategies, which are correlated with EE. When employees are able to achieve agility, adaptability, flexibility, ownership, and autonomy, they are more likely to reach a state of mind conducive to high levels of EE.

In summary, it has been found that continuous adjustment of the unicorn's framework is necessary in order to thrive in a hyper growth environment, meet fast-changing demands, and compete in a dynamic landscape. As a result, it is essential to create a framework that allows for fast and continuous adaptation. By continuously adapting their TM strategies to meet changing needs of their current growth phase, these companies can ensure that they have the right employees in the right roles at the right time.

6 Discussion

6.1 Comparison to previous Literature

The findings of this research suggest that the design and use of EX to enhance EE at unicorn ventures is heavily influenced by the company's growth stage. This study highlights the importance of incorporating the perspective of employees in the development of the TM strategy in order to remain responsive to organizational needs and wishes. This is critical not only for staying competitive, but also for maintaining employee engagement in their roles. An important finding of the research is that high growth ventures aim to reach EE mainly through agility, ownership, autonomy, flexibility, and adaptation. The results contradict with the claims of Kahn (1990) that the three key drivers are meaningfulness, safety, and availability. This gap can be linked to the unique context of high growth ventures and attracting a certain type of talent with different requirements. Furthermore, research suggests designing EX along the employee journey (Tucker 2020) by using human-centered design principles as e.g. design thinking (Manning, Bodine and Bernoff 2012). In contrast, the unicorn cases do not follow a systematic approach. Instead, they prioritize their TM activities based on their company's strategy and its dynamic talent needs. Based on research regarding the EX approach, the workforce is actively involved in creating, designing, and shaping the corporation and its processes (Nelson and Doman 2017, Morgen 2017). Unicorn ventures also recognize the importance of this aspect and use regular employee surveys as a primary source of information about employee needs and wishes. Transparency regarding the results of these surveys allows for targeted tracking of improvement efforts. An interesting finding about EX at unicorns is that the focus and importance of different EX elements varies depending on the venture's current growth phase

6.2 Limitations and further Research

There are several limitations to this research. Since the study is based on the interpretive paradigm, multiple interpretations due to different realities are possible (Greener 2008).

However, the use of a qualitative and multiple case study approach may be subject to criticism for the potential for subjective interpretation and the limited generalizability due to the small sample size (Bell, Bryman and Harley 2019). To provide more robust and generalizable evidence regarding EX at unicorn ventures, future research should consider a larger sample size of unicorns at different growth stages.

Additionally, it is important to carefully review the literature on TM, EX, and EE, as the definitions of these concepts vary widely across academic literature (Macey and Schneider 2008) and can significantly impact the results of the case study. As the concepts of EX and unicorn ventures are relatively new phenomena, research in these fields is limited, particularly when considering their intersection. Future studies should aim to establish a solid foundation of the connections between these dimensions in order to make a valuable contribution to the field.

Future research might also consider the effects of intercultural differences and generational expectations on EX, as these factors can influence how employees engage with the organization (Plaskoff 2017, 136). Cornelius (2022) notes that "it is important to note that the experience of work and experiential workers will continue to evolve as new generations of workers join the world of work and as they exert fresh demands on the relationship between workforces and their organizations." This suggests that the concept of EX will never be finalized and will always need to be adapted to the needs of the current generation, leading to an indeterminate understanding of EX (Panneerselvam and Balaraman 2022).

6.3 Implications

This study offers preliminary insights into the relationship between EX in the context of high growth ventures and its impact on EE. Since research in this field is limited and only recently emerging, the results of this study may be particularly relevant for high growth startups and

unicorns looking to understand how EX can impact their company success, such as in terms of productivity and innovation power (Pandita and Bedarkar 2015). The findings can increase awareness of the overall TM approach and the importance of adapting it to the current growth stage, as well as the impact on the venture's success. Other stakeholders who may be interested in these findings include venture capitalists, who are a primary source of equity for unicorns (De Massis, Frattini and Quillico 2016). For venture capitalists, it is important to understand and evaluate the potential of a startup and its development, including their strengths in terms of TM strategy and its influence on EX and EE. Identifying a young venture with a strong HR foundation could be an important predictor of future success.

7 Conclusion

This research focused on EX at unicorn ventures, examining how EX is designed and used to enhance EE. The findings suggest that TM strategies at these ventures are closely aligned with the overall company strategy and are continuously adapted to meet the needs of the organization at different stages of growth. HR operations at the ventures are tailored to the needs of the workforce and are structured to ensure focused actions by experienced professionals. Employee development is promoted through the availability of a development budget for each employee and by implementing scheduled feedback loops and clear expectation management. Career paths are determined by leadership responsibility and transparency regarding career levels and required competencies. Leadership development programs are implemented to enhance skills such as coaching and effective communication. Performance management includes both official performance appraisals and informal development talks, as well as expectation management for new employees. The beforementioned EX measures at unicorn ventures aim to achieve EE through enhancing agility, adaptation, flexibility, ownership, and autonomy.

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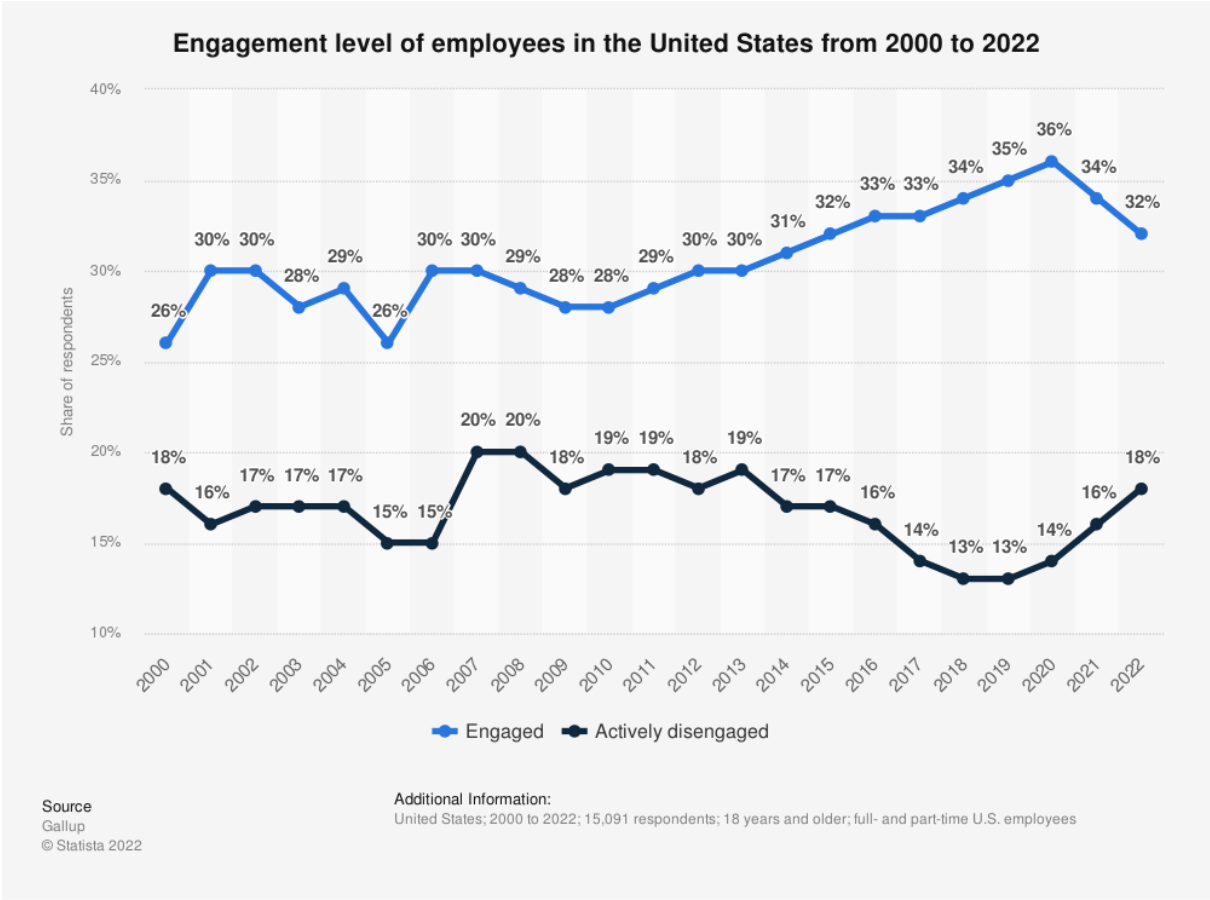
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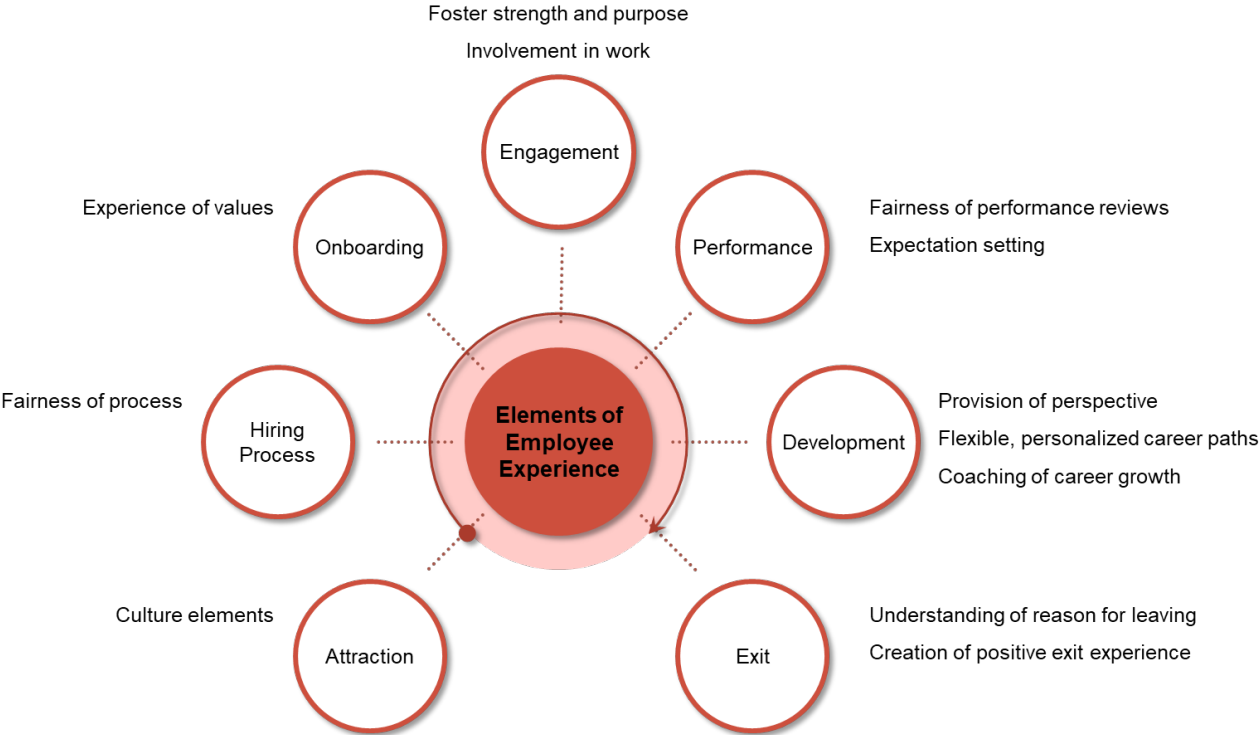
Appendices

Appendix A: Engagement Level of Employees in the United States from 2000 to 2022



Source: (Gallup 2022)

Appendix B: The seven Stages of the Employee Journey



Source: Own graphic based on (Gallup 2018)

Appendix C: Growth Stages of Unicorn Ventures

- 1 **Idea and founding:** In this stage, the founders of the unicorn venture identify a need or problem in the market and develop a solution. They may also assemble a team and secure initial funding to help get the company off the ground.
- 2 **Early growth:** In this stage, the unicorn venture focuses on building its product or service, establishing a customer base, and generating revenue. The company may also continue to raise additional funding to support its growth.
- 3 **Expansion and scaling:** In this stage, the unicorn venture begins to expand its operations, entering new markets and increasing its customer base. The company may also invest in additional resources, such as hiring more employees, to support its growth.
- 4 **Maturity:** In this stage, the unicorn venture has established itself as a dominant player in its market and may focus on maintaining its leadership position. The company may also consider diversifying its product or service offering, entering new markets, or pursuing strategic partnerships.
- 5 **Exit:** In this final stage, the unicorn venture may be acquired by another company, go public through an initial public offering (IPO), or be dissolved if it is unable to continue operations. This is the stage in which the company's founders and investors may realize a return on their investment.

Source: (Di Vaio, et al. 2022)

Appendix D: Sample Characteristics

Case nr.	Company location	Industry	# Current employees	Valuation (\$B)	Interviewee
1	Germany	Internet software & services	1.600	\$8.50	Talent Manager
2	Germany	Fintech	600	\$1.00	Senior People Business Partner

Appendix E: Data Treatment

Prior to the interviews, respondents were informed that companies may remain anonymous if preferred. As the unicorns preferred to remain anonymous, the author decided to keep all companies incognito. Information on other companies was protected as part of this process. Therefore, company-specific information was based on general data and company names were replaced with e.g., Case 1.

Appendix F: Interview Remarks

Interview explanatory notes:

- All interviews were conducted virtually through a video conferencing platform with the usage of the camera
- Interviews lasted between 30 to 45 minutes
- All interviews were audio recorded
- The extracted and summarized data was only used for the academic research. No personal nor company names as well as company identifier were included. The document will only contain anonymized cases
- Interviewees could leave questions unanswered
- All interviews followed a semi-structured interview approach. Discussion pointers were prepared and used as a guide along the interview, however not strictly followed
- All interviews started with a brief introduction about the aim of the research including the research questions and the authors understanding of the intersections of talent management, employee experience, and employee engagement

Appendix G: Introduction Presentation for Interview

All interviews included a brief introduction before beginning the exchange based on the discussion pointers. The aim was to ensure a common understanding of interviewer and interviewee of the intersections of talent management, employee experience, and employee engagement. The author created a storyline around this topic to visualize the complex and theoretical research.

DIRECTED RESEARCH | PAULINE MOHR | NOVASBE

UNDERSTANDING HOW UNICORNS DESIGN AND USE THE EMPLOYEE EXPERIENCE TO INCREASE ENGAGEMENT

INTRODUCTION



DIRECTED RESEARCH | PAULINE MOHR | NOVA/SBE

Research Questions

WHAT DO I WANT TO KNOW?

1. How are unicorn ventures designing and using EX to enhance employee engagement?
2. To what extent does the EX approach of Unicorns impact their employee turnover?





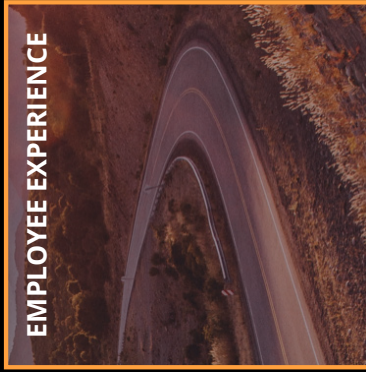
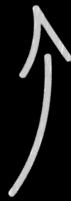
DIRECTED RESEARCH | PAULINE MOHR | NOVASBE

My understanding...

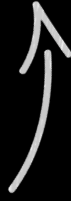
BASED ON RESEARCH



Rethink talent management from a different perspective...



...to achieve desired state of mind.



My understanding...

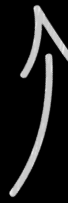
BASED ON RESEARCH

TALENT MANAGEMENT

Activities of an organization aim to use their human capital as a competitive advantage to **increase**



Rethink talent management from a different perspective...



EMPLOYEE EXPERIENCE

EX is an **approach** to rethink TM strategy through a deep understanding of the employee's perspective and organization-workers relationship to **reach**

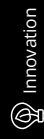


...to achieve desired state of mind.



EMPLOYEE ENGAGEMENT

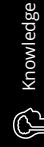
The desired **state of mind** as engagement is key to a company's success and builds the bridge between organizational and human needs **leading** to



Innovation



Productivity



Knowledge



Attract & retain talent

What do I want from you?

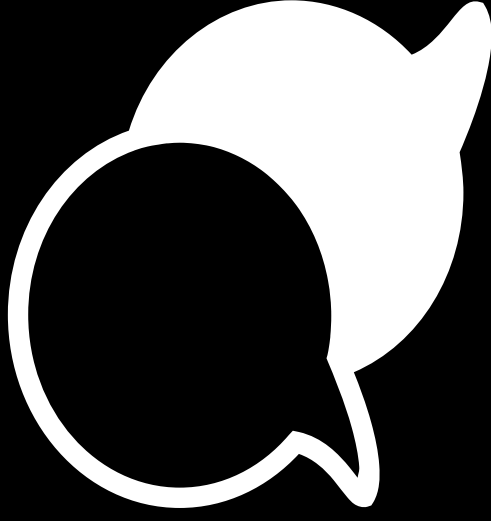
DIALOGUE BASED ON A SEMI STRUCTURED INTERVIEW

01

How are unicorn ventures designing and using EX to enhance employee engagement?

02

To what extent does the EX approach of Unicorns impact their employee turnover?





THANK YOU!

Appendix H: Interview Discussion Pointers

Research Question	#	Question	Implications/ potential consideration
How are unicorn ventures designing and using EX to enhance employee engagement?	1.1	Do you have a strategy in place to engage your talent?	<i>Concrete ambitions, vision, mission, strategic pillars</i>
	1.2	Have you heard about EX and if yes, how do you understand this concept?	<i>Perspective and interpretation of EX</i>
	1.3	Viewing this in the context of EX, how do you specifically employ the EX-approach in your employee engagement strategy?	<i>Design thinking tools, human centered approach, employee journey, touchpoints</i>
	1.4	Which measures do you have in place regarding EX/ EE for your employees?	<i>Inclusive EX concept (employees' perspective is considered)</i>
	1.5	How do you ensure a successful implementation of the EX strategy?	<i>Processes, procedures, feedback rounds, KPIs</i>
To what extent does the EX approach of Unicorns impact their employee turnover?	2.1	Do you have EX KPIs in place? If yes, which?	<i>KPIs</i>
	2.2	Do you think that EX positively influences talent retention/ fluctuation?	<i>Personal evaluation</i>
	2.3	What is your turnover rate?	<i>Turnover rate</i>

Appendix I: Case Summaries Variables

On the following pages each case is presented along the following topics:

- *Overview:* A summary of key figures and company details
- *Talent Management Strategy:* A summary of the unicorn's focus regarding talent management
- *HR Operations:* Insights into the organization of the HR department and its focus
- *Employee Development:* Understanding the approach of employee development at unicorns
- *Career Paths:* Overview of the transparency of career enhancement possibilities.
- *Leadership:* Insights into the understanding the leaders role and its responsibility at the unicorn
- *Performance Management:* Understanding the principles and importance of performance
- *Common understanding:* Overview of approach to ensure a collective perspective and common sense
- *Proactive Engagement:* Insights into how the unicorns ensure proactive employee engagement and include their perspective in various actions
- *Physical Environment:* Understanding the role of office space
- *Further Remarks:* Miscellaneous

Appendix J: Summary of Case 1

Case 1 (45 min)			
Industry	Internet software & services	Valuation (\$B)	\$8,50
Country	Germany	# Employees	1.700
Founded	2015	Turnover rate	1.4 years
Unicorn since	01.2021	Position of Interviewee	Talent Manager

Overview: Unicorn 1 (Case 1) is a cloud-based software provider focusing on small and midsize companies. The business-to-business company's mission is to simplify and automate HR processes. Founded in 2015, case 1 reached unicorn status in the beginning of 2021. Today, the company is valued \$8,50 billion and has 1.700 employees with a turnover rate of 1,4 years across seven offices in Europe.

Talent Management Strategy: The unicorn designs its talent management strategy and employee experience based on its company strategy, values and operational principles considering the hyper growth environment. Their activities and measures are always linked to their beliefs.

HR Operations: The HR organization of case 1 shows that the so called "People & Culture Team" is organized into specific subdivision. There are various departments in place which are responsible for defined topics such as Diversity & Inclusion, Employee Events, Professional and Campus Recruiting. This ensures a focused approach executed by skilled professionals.

Employee Development: Case 1 believes in ownership and responsibility to achieve success in a hyper growth environment. For this, there are various measures in place which attract young talents as they can follow a steep learning curve. One example which fosters empowerment is a four-digit budget which can be used freely in the unicorn's favor by every employee without

further permission from another authority. In addition, there is a development budget available to every employee. Generally, the agile and flexible environment leads to the need to continuously adapt to new circumstances which fosters the employee development even more.

Career Paths: There is high transparency on individual development possibilities and various career paths. Case 1 believes that this increases the motivation of talents to develop within the company rather than searching for external growth possibilities. The opportunities are proactively identified by the manager and discussed.

Leadership: In case 1, managers have the responsibility of regularly guiding their employees through performance and growth cycles. Besides, the leader's role is to develop their employees by providing freedom in their actions through giving responsibility and ownership.

Performance Management: There are official performance appraisal reviews as well as informal development talks with the manager within the growth cycle in place. The leaders are responsible to guide their employees through these.

Common understanding: There is a clear focus on establishing a common understanding of the company culture to strengthen employee engagement and the sense of belonging. The yearly company culture week contributes to an extensive part to the crucial success factor of this unicorn. In addition, unicorn 2 distributes an onboarding package which includes besides crucial work equipment, merge from the company such as a pullover and sticker

Proactive Engagement: There are two crucial measures in place which are targeting proactive employee engagement. The company offers a share option program to every employee to let the employees participate in the unicorn's success and fosters the feeling of ownership conversely. In addition, there are quarterly pulse as well as semiannual engagement surveys in place. Every employee has the possibility to participate, however there is not a 100% response rate. The results are shared openly with all employees and discussed in the individual teams.

To analyze the development and understand the grading in comparison to the company, the survey results of each team are compared to the unicorn's average and discussed together. Hereon lessons learned are derived and measures defined for continuous improvement. Besides the team analysis, the HR department also analyzes the wishes and needs of the workforce. E.g. in the beginning of the founding phase, there were many young employees hired. Over the years, their requirements changed due to their altered life situation and topics like parental leave or pension insurance got more important. Living agility and giving employees a voice leads to a continuous adaptation of the talent management strategy and its activities.

Physical Environment: Case 1 believes in the importance of creating an attractive office where employees enjoy working and coming together. To strengthen the feeling of belonging a consistent office design across various sites is implemented. Moreover, case 1 attaches importance on company merchandise such as providing company hoodies when new employees are onboarded. Therefore, the physical environment is also used as part of the talent management strategy to attract new employees.

Further Remarks: To increase employee engagement, the approach of unicorn 1 focuses on ownership through empowerment and responsibility which automatically leads to a steep development of young professionals. Their natural habitat of hyper growth and powerful competition increases the need of agile and flexible actions and measures. Therefore, listening to the wishes and requirements of their employees through regular surveys and responding to individual needs is crucial to attract and retain talent. Measurability of the employee experience ensures a continuous improvement of their HR approach.

Appendix K: Summary of Case 2

Case 2 (40 min)			
Industry	Fintech	Valuation (\$B)	\$1,00
Country	Germany	# Employees	600
Founded	2016	Turnover rate	1.3 years
Unicorn since	04.2022	Position of Interviewee	Senior People Business Partner

Overview: Unicorn 2 (Case 2) is a fintech start-up which created Europeans leading mobile tax app. Its mission is to simplify taxes and empower everyone to manage their finances by themselves. Founded in 2016, case 2 reached unicorn status in spring 2022. Today, the company is valued \$1,00 billion and has 600 employees with a turnover rate of 1,4 years across the two offices in Berlin and Madrid.

Talent Management Strategy: In case 2, the unicorn designs its talent management strategy and employee experience based on its company strategy. It emphasizes the correlation to the overall strategy and ambitions: in the first quarter of 2022 the unicorn grew its workforce by 150%. Therefore, in the first half-year the focus was mainly on onboarding and strengthening the leadership roles. This emphasis shifted throughout the year and in the second half-year the talent management strategy takes a more inward and reflective perspective and long-term initiatives are instigated. This approach is reflected in their activities and measures.

HR Operations: The HR organization of case 2 focuses on people operations to built up a strong foundation. It aims to be available to its workforce for e.g. day-to-day questions, relocation and payroll matters. In addition, the high growth phase led to the need to increase structured processes for which HR systems were implemented. Due to scaling-up the workforce in the beginning of this year, a professional was hired to manage and coordinate all onboarding activities to increase the experience for the new employees (i.a. preparation of onboarding plan

before the arrival of new employee). The interviewee reinforced that having someone responsible was a key driver to advance the onboarding process. Furthermore, all initiatives of the people department is accessible to the entire organization to see e.g. the current priorities and the results of the engagement pulse survey.

Employee Development: To increase employee engagement, case 2 believes in empowerment and setting expectations to achieve success in a hyper growth environment. For this, there are various measures in place which attract young talents as they can follow a steep learning curve. A training budget for further development is available to the workforce. Moreover, the onboarding process ensures clear expectation setting and continuous scheduled feedback loops between the employee and its manager during the probation. This help to identify the fit between the employee and the unicorn as well as the job itself. Generally, the agile and flexible environment leads to the need to continuously adapt to new circumstances which fosters the employee development even more.

Career Paths: Unicorn 2 aims to be completely transparent about their career leveling and required competencies. Therefore, their workforce can access this information and leaders are expected to discuss development possibilities with their employees.

Leadership: Unicorn 2 believes that leadership impacts employee experience as it is correlated with employees having a sense of growth possibility and purpose as the manager's responsibility is to take care of their development within the organization. Therefore, developing leaders to empower talent were in the company's focus throughout its hyper growth phase in the beginning of 2022. To make managers feel accountable for their crucial role regarding employee experience, case 2 implemented a leadership development program with various modules targeting different skills such as coaching employees and having powerful conversations. Its main goal is aimed to empower the workforce to be in the driver's seat instead

of being guided throughout their whole journey, define growth parts, and creating an environment where the employees achieve their best results. Important actions include the exchange between employee and manager on clear expectation setting and career development possibilities.

Performance Management: At this high growth startup, a strong emphasize on performance management can be seen. From day one on, clear expectations are set and measured during the employee's probation period to analyze if it is a good fit between the unicorn and the employee. Moreover, a timeline is in place which predefines performance-oriented feedback loops and check-ins. Performance is also connected to promotions and salary decisions.

Common understanding/ onboarding: For unicorn 2, a critical part of the employee experience is the onboarding of new employees. This ensures that all new employees gain a common understanding of the company culture as well as of the way of working. During their first days at the venture, the new employees gain some general insights about the company, before their functional onboarding prepared by the manager begins.

Proactive Engagement: Case 2 has two crucial measures in place which are targeting proactive employee engagement. The company offers a share option program to every employee to let the employees participate in the unicorn's success and fosters the feeling of empowerment conversely. In addition, there are quarterly engagement pulse surveys in place. Every employee has the possibility to participate, however there is not a 100% response rate. The results are differentiated by divisions and teams and reveals the progress made over each quarter. Additionally, the results of the survey target to show trends and changes within the organization, how measures affected the outcome over time, and which pain points the workforce currently has. The feedback of the workforce is used to find individual solutions to their needs and wishes.

As an example, one survey revealed that the workforce is not satisfied with the offered benefits. The unicorn used this input to adapt to the employees' needs.

Physical Environment: *No comments on physical environment.*

Further Remarks: The approach of unicorn 2 focuses on transparency, expectation setting and empowerment through leadership development and systematic onboarding. Its talent management strategy reinforces the crucial role of managers in the context of employee experience and consequently employee engagement. Their natural habitat of hyper growth and powerful competition increases the need of agile and flexible actions and measures. Therefore, listening to the wishes and requirements of their employees through regular surveys and responding to individual needs is crucial to attract and retain talent. Measurability of the employee experience ensures a continuous improvement of their HR approach. To monitor the success of employee-employer-matches, case 2 is revising regrettable attrition and aims to achieve less than 5% in this KPI. Hence, the venture wants to understand why employees leave them and make relevant adjustments to score the desired value of less than 5%.

Appendix L: Design of Employee Experience

Case Nr.	First-order codes	Second-order codes	Overarching dimension
1	Talent management strategy and employee experience based on its company strategy, values, and operational principles	Correlation between talent management strategy and company strategy	Talent Management Strategy
1	Activities and measures linked to their beliefs.	Activities are linked to beliefs	
2	Talent management strategy and employee experience based on its company strategy	Correlation between talent management strategy and company strategy	
2	Adaptation of priorities and focus topics of talent management strategy due to different phases	Adapted talent management strategy suitable for the current phase of company	
1	Various specific subdivisions ensure focused actions	Specific HR subdivisions	HR Operations
2	Need-oriented setup of HR functions, focus on HR operations and onboarding responsibility	Need-oriented HR setup	
2	Initiatives of HR accessible to the entire organization to see e.g., the current priorities and the results of the engagement pulse survey	Transparency of HR priorities	
1	Four-digit budget which can be used freely in the unicorn's favor by every employee without further permission from another authority	Trust and liability in the employee	Employee Development
1	Individual development budget	Training budget	
2	Training budget for further development is available to the workforce	Training budget	
2	Continuous scheduled feedback loops and expectation management between the employee and its manager during the probation	Scheduled feedback	
1	Proactive identification and discussion of career path by the leader	Leadership responsibility	Career Paths
2	Workforce can access information about career levels and required competencies	Company-wide transparency	

2	Leaders are expected to discuss development possibilities with their employees	Leadership responsibility	
1	Responsibility to guide their employees through performance and growth cycles on a regular basis	Leadership responsibility	Leadership
2	Manager's responsibility is to take care of their development within the organization	Leadership responsibility	
2	Implementation of leadership development program with various modules targeting different skills such as coaching employees and having powerful conversations	Leadership development program	
1	Official performance appraisal reviews as well as informal development talks with leader	Performance reviews	Performance management
2	Clear expectations are set and measured during employee's probation period	Expectation management during probation	
2	Timeline is in place which predefines performance-oriented feedback loops and check-ins	Schedule for feedback	
2	Performance is also connected to promotions and salary decisions	Performance based salaries	
1	Yearly company culture week	Company events	Common understanding
2	During their first days at the venture, new employees gain some general insights about the company, before their functional onboarding prepared by the manager begins	Onboarding of new employees	
1 / 2	Share option program for every employee	Share options	Employee Engagement
1	Quarterly pulse surveys and semiannual engagement surveys	Regular employee surveys	
1	Results are shared openly with all employees and discussed in the individual teams	Publication of survey results	
1	Lessons learned are derived and measures defined for continuous team improvement	Deriving measures for team	

1 / 2	HR department analyzes the wishes and needs of the workforce based on survey results	Deriving measures for employees	
2	Quarterly engagement pulse surveys	Regular employee surveys	
2	Analysis of results which are differentiated by divisions and teams	Analysis of survey results	
2	Results of engagement pulse survey can be reviewed by all employees	Transparency of results	

Appendix M: Use of Employee Experience

Case Nr.	First-order codes	Second-order codes	Overarching dimension
1	Strong connection and acting upon venture's belief and values	Anchoring of unicorn's beliefs	Agile adaption to employee's wishes and needs
2	Agile adaption to company's and employee's needs, HR measures are dependent on the respective phase	Agile adaptation of talent management strategy	
1	Focused HR divisions executed by skilled professionals to respond to specific needs	Need-driven HR expertise	Need-driven HR operations and competencies
2	Strong HR operations to be available for day-to-day questions	Strong HR operations	
2	Employed professionals with needed expertise (e.g. onboarding)	Need-driven HR expertise	
1	Ownership and responsibility to achieve success in a hyper growth environment	Indecent and full-fledged employees	Autonomous operation as employee
1	Facilitate steep learning curve to attract you talent	Steep learning curve	
2	Empowerment and setting expectations to achieve success in a hyper growth environment	Expectation management	
2	Onboarding process ensures clear expectation setting	Purposeful onboarding process	
2	Identify the fit between the employee and the unicorn as well as the job itself	Employee-employer-fit	
1	High transparency on individual development possibilities and various career paths	Company-wide transparency	Transparent and accessible information about career paths possibilities and their requirements
2	Workforce can access information about career leveling and required competencies	Company-wide transparency	
1	Leader's role is to develop their employees by providing freedom in their actions through giving responsibility and ownership	Leader as freedom giver	Crucial impact of leadership on employee experience
2	Leadership impacts employee experience as it is correlated with employees having a sense of growth possibility and purpose	Impact of leadership on employee experience	
2	Developing leaders to empower talent were in the company's focus throughout its hyper growth phase	Development of leaders	

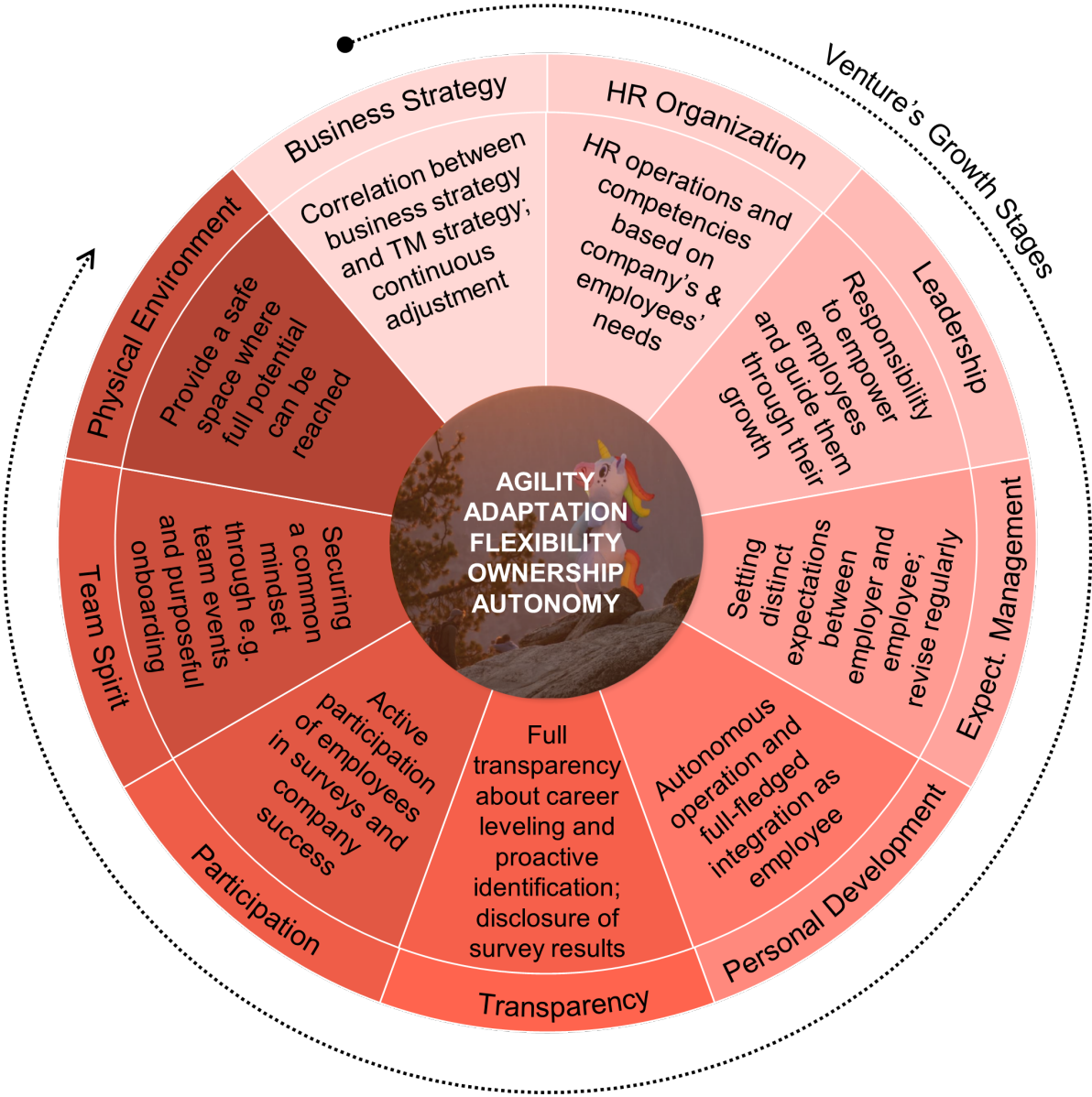
2	Manager feeling accountable for their crucial role regarding employee experience	Accountability of leaders	
2	Empower the workforce to be in the driver's seat instead of being guided throughout their whole journey, define growth parts, and creating an environment where the employees achieve their best results	Employee in driver's seat	
2	Analysis of fit between unicorn and employee	Employer-employee fit	Fair-minded employer-employee fit
2	Reflection on employer-employee fit	Transparency on employer-employee fit	
1	Establishment of common understanding of the company culture to strengthen employee engagement and the sense of belonging	Joint understanding on company perspective	Collective mindset
2	Onboarding ensures that all new employees gain a common understanding of the company culture as well as of the way of working	Onboarding key to get employees on same page	
1 / 2	Share options let employees participate in the unicorn's success and foster the feeling of ownership	Ownership feeling through share options	Listening to employees and let them participate in the success of the company
1 / 2	Every employee has the possibility to participate in employee survey	Give voice to employee	
1	Analysis of development and understanding of placement in comparison to the company (the survey results of each team are compared to the unicorn's average and discussed together)	Disclosure of team results and comparison with overall findings	
1	Living agility and giving employees a voice leads to a continuous adaptation of the talent management strategy and its activities	Continuous adaption of talent management strategy based on survey results	
2	Results of the survey aim to show trends and changes within the organization, how measures affected the outcome over time, and which pain points the workforce currently has	Analysis of progress and improvements made	

2	Feedback of the workforce is used to find individual solutions to their needs and wishes	Individual solutions for employees are devised on survey findings	
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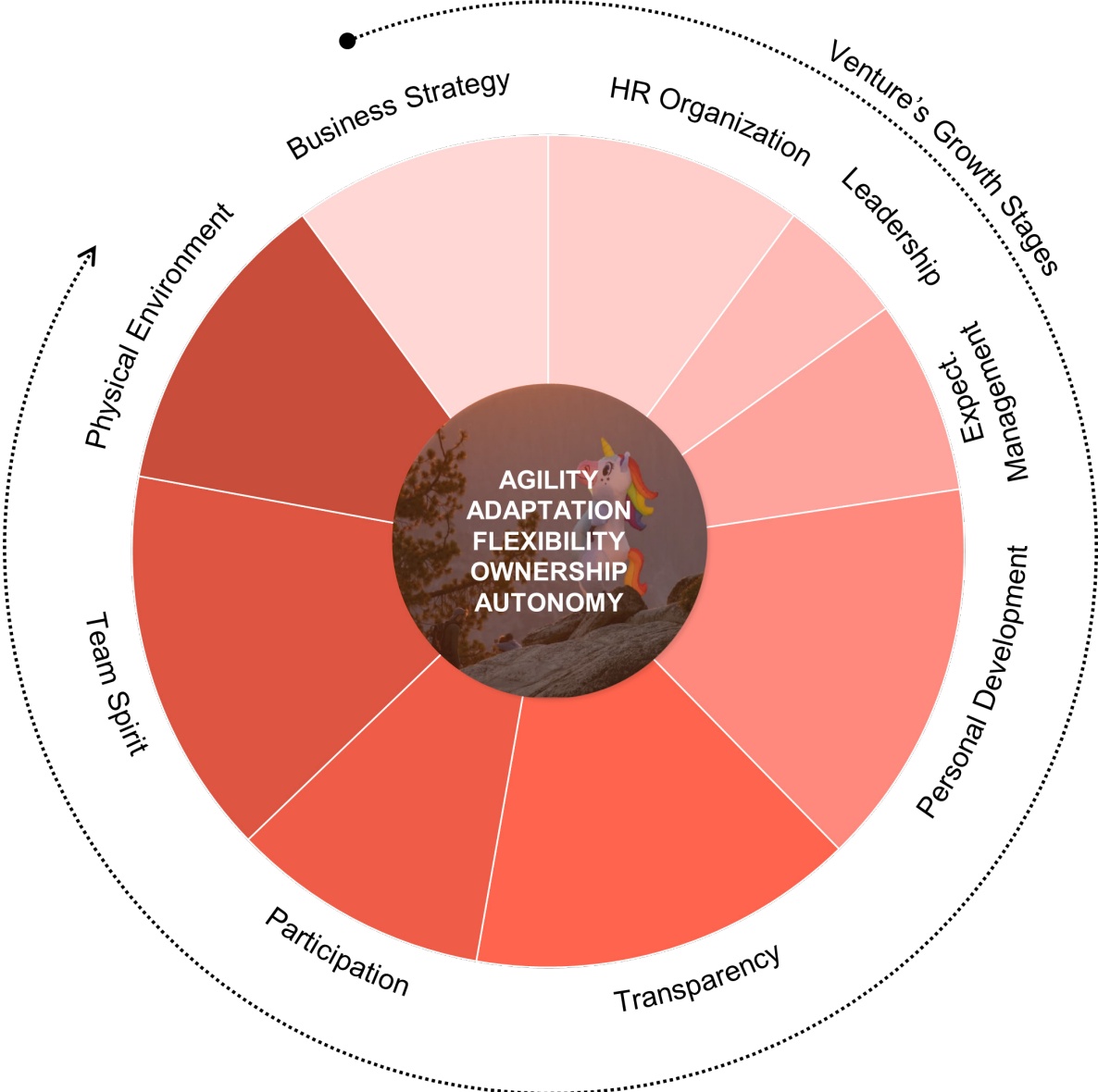
Appendix N: Impact of Employee Experience Approach on Employee Turnover

Case Nr.	First-order codes	Second-order codes	Overarching dimension
1	Average employee tenure is appr. 1.4 years	Anchoring of unicorn's beliefs	Employee tenure
2	Average employee tenure is appr. 1.3 years	Agile adaptation of talent management strategy	
1 / 2	Recent intense growth lowers the employee tenure average due to a high number of new employees	Growth phase affects average employee tenure	
1	Annual turnover rate is currently appr. 13% (for permanent employees)	Annual employee turnover rate	Employee turnover rate
2	Annual turnover rate is currently appr. 20% (for permanent employees)	Annual employee turnover rate	
2	Measurement of regrettable attrition; aiming for less than 5% of regrettable attrition	Regrettable attrition KPI	Regrettable attrition
2	Indication to understand why employees leave and make relevant adjustments	Indication of regrettable attrition	

Appendix O: Theoretical Framework



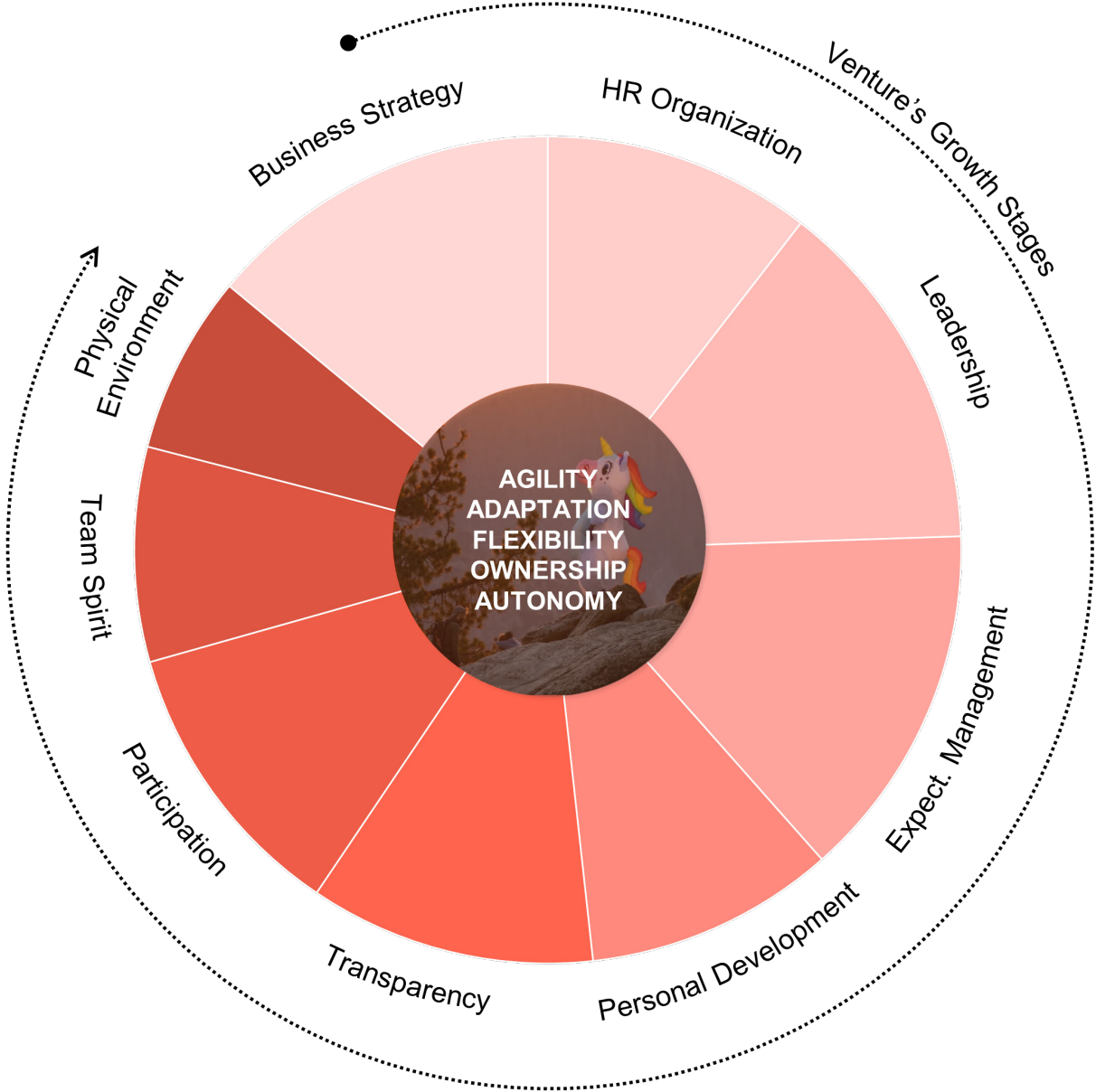
Appendix P: Theoretical Framework applied to Case 1



Case 1 primary focuses on the following elements:

- Personal Development through ownership
- Transparency through quarterly pulse surveys and semiannual engagement surveys where the results are shared with everyone and discussed in each team and compared with the venture’s average
- Team Spirit through dedicated team and company events and culture week
- Physical Environment through offices with the same design

Appendix Q: Theoretical Framework applied to Case 2



Case 2 primary focuses on the following elements:

- Business Strategy through focus on growth strategy and new hires
- Leadership through dedicated leader development program and trainings
- Expectation Management through continuous scheduled feedback loops and incorporation from day one (onboarding)