

STRATEGIC HUMAN CAPITAL INTEREST GROUP



Volume 10 / Fall 2020

[We have a website!](#)

OUR 10TH ANNIVERSARY

As many of you will remember, our dear interest group was officially launched at the SMS conference in Rome in 2010. To commemorate our 10th anniversary during the virtual 2020 conference, we reached out to all the IG chairs from our first decade and asked them some questions about their experiences with the interest group. We put these comments together into one video that provides an oral history covering our illustrious (infamous?) history.

Watch it all on YouTube!



Special thanks to Rocio Bonet and Federica De Stefano for conducting the interviews and to DK for the many hours spent in the editing booth to bring this video to life.

Who wrote all of this?

Thank you to DK, Anthony Nyberg, Sekou Bermiss, Ulya Tsolmon, Rhett Brymer and Vanessa Burbano for their contributions. Please attribute all editing mistakes to JR Keller.

A TERRIFIC 2020 VIRTUAL CONFERENCE

A note from our Program Chair – Anthony Nyberg

Thank you to all the members of the SHC IG community who participated through submitting proposals and providing sincere, meaningful reviews for the conference program. Thank you also to DK and Sekou and the RALs along with all of those who put in energy to make the conference and the IG in general, much stronger. All have made significant contributions through efforts such as designing Sunday sessions, SHC extension (the group had put together a fantastic plan and we hope to get to do this in two years), reviewing best paper submissions, organizing mentoring, etc. We also want to extend a special thanks to Professor Dee Abdulsalam who was integral to helping put the conference together.

We are richly blessed with active volunteers and the result is that we are one of the most vibrant of all the SMS interest groups – THANK YOU!

Our program started with our mentoring session (October 14th) followed by our business meeting/social hour (October 15th). In addition to our regularly scheduled sessions, we also held a special Sunday session (October 25th) in collaboration with the strategic leadership and governance IG to discuss executive and strategic human capital resource selection. The goal was for these scholars to model learning and integrating ideas from a different space. You can find recordings [here](#) (until December 31, 2020).

We received 77 submissions this year for the competitive program and were allotted an acceptance rate of 38%. However, as you know there are many scholars in the broader SMS community who study human capital resource related issues but may use a different dominant theoretical lens or paradigm. Accordingly, we combined SMS submissions with other interest groups to identify papers that were human capital resource related. We then partnered with other IGs to create joint sessions that combine the human capital resource perspective with the dominant perspective from those IGs. This approach allowed us to increase the total number of human capital resource papers from the 29 that were directly submitted to our IG to 45 (43 papers and 2 panel sessions), to increase the SHC IG presence on the overall Conference Program.

These collaborations are nice opportunities for our IG because they expose us to related work in other IGs and expose other IGs to the value of the human capital resource perspective. We also hope that it helps the broader SMS community see our IG as a potential home for their human capital resource related research.

A Message from the Chair – David “DK” Kryscynski

2020 has been an unprecedented year in many ways, and many of us face new realities in our professional responsibilities including new teaching modalities, reduced funding, limited travel, interpersonal isolation, and so forth. I hope we, as a community, can embrace the humanity of this moment by doing what we do best - invest in each other.

I am amazed and delighted by what I consistently see in the sessions and activities within our IG. I see a productive and helpful research conversation. I see members show up for sessions in large numbers and actively engage in discussions. I see colleagues offer to provide friendly reviews, and I see many members engage in both formal and informal mentoring.

My predecessors have used their annual newsletter opportunities to highlight recent excellent work in strategic human capital, help us consider a bigger picture view of our research conversation, or invite us to think differently about how to engage practice in our scholarship. They served during more steady state times when we were able to focus much of our effort and attention on our research. But 2020 has invited all of us to think not only about what we do, but how we do it, and who matters to us in the process.

My invitation to you, and to us, as an interest group is to examine how we can increase our connection with humanity in our scholarship this year. I do not mean in our research topics and methods necessarily, although this is certainly possible, I mean in the ways that we conduct and engage our professional activities.

If you are one among us who has been weighed down and burdened by the realities of a global pandemic, then is there someone in our community who can be a source of support and strength to you? Is there someone you can help? I often find that in my own despair the act of seeking out others and lifting them makes the pain of my despair dissipate more rapidly than it would on its own. If you are one among us who has been largely spared of the real pains of 2020, then are there colleagues in our community that you can support?

Here are a few unusual things that you could do as a way to help lift up our community:

- Find a presentation from the 2020 conference that sparks your interest. Send the authors a personal note to lift them up, and invest in providing them with real, helpful, developmental and meaningful feedback.
- Find a scholar in our community you have not yet met doing research that seems interesting to you. Send them a note inviting them to a short Zoom call to meet and chat about your research intersections, with no expectations for co-authoring, etc. Just a random Zoom chat.
- Identify a strategic human capital paper that has impacted your life beyond the academic implications, and send a note to the authors expressing the impact of their work beyond the usual scope.
- Find a doctoral student in our community and reach out, inviting them to a random zoom chat to just meet and connect. Feel free to tell them that I told you to do it, so that it is a bit less weird.
- Write your advisor a personal note expressing the ways that their investments have positively impacted your life.
- Think about an activity or event that would be helpful and developmental for members of our community, and then reach out to the SHC IG leadership team and volunteer to make it happen.
- I am sure there are many other creative ideas...

I started my career as a chemical engineer. I was fascinated by this important truth of chemistry: ALL of the magic happens at the molecular level, when two or more molecules come together at the right time, in the right place, with the right temperature and the right pressure. When the conditions are right, we see magical things happen and new molecules are created that do miraculous things.

Sometimes people ask me why I left that profession, but I never left. I see the same magic in organizations, and in our profession. I see that the magic happens when people come together under the right conditions, and, unlike inanimate molecules, I see that sometimes people can actually create those ideal conditions. I am still a chemical engineer, I just study a different molecule.

Will you find a way to make some magic happen in our community this year? Will you go outside of your normal routine and comfort zone and invest in lifting others? I am sure that you will be better for it, and I am sure that our community will be better for the sake of your investments. **#liftSHCIG**

Research Spotlight

One of the distinguishing features of our research is its ability to advance theory while also impacting practice. To that end, we'd like to shine a spotlight on 3 recent papers that accomplish both aims.

One labor market implication of the COVID pandemic has been – and likely will continue to be – the influx of talent into the labor market due to layoffs. While some practitioners have noted that this provides an opportunity for proactive companies to stock up on talent (SHRM, 2020) a recent study by Roman Galperin, Oliver Hahl, Adina Sterling, and Jerry Guo (ASQ, 2019) show why some companies may fail to take advantage of this situation. They find that hiring managers actually penalize high-ability candidates in the hiring process due to concerns about their future commitment to the organization. In doing so, they show that signals which influence perceptions of candidate's capabilities also inform perceptions of a candidate's commitment. This gives us some valuable insight into why managers might not always hire a candidate who seems to possess all the qualities needed to succeed in a job.

Another implication of the COVID pandemic has been changing employer attitudes and policies towards remote work. In a recently accepted article, Choudhury, Foroughi, and Larson (SMJ, in press) exploit a natural experiment to examine the effects of a shift from traditional work-from-home (WFH) to work-from-anywhere (WFA) arrangements at that USPTO. They find that transitioning to a WFA arrangement results in substantive increases in productivity and effort among employees, while also leading to substantial real estate and other cost savings for the agency. This is a terrific example of work documenting the real-world impact of HR policies and practices.

It has also been speculated that COVID-related layoffs will result in an uptick in the use of temporary workers during a potential economic recovery. Eldor and Cappelli (AMJ, in press) suggest that firms think carefully about this decision. In one of the first studies to show that the use of temp agency workers affects not only the attitudes of employees, but the performance of the workplaces in which they are deployed, they find that the use of temp agency workers has tangible negative effects on business unit performance across a sample of more than 250 retail stores. They show that when a business makes greater use of temp agency workers, current employees perceive a decrease in the status of the workplace, which in turn leads to lower store-level service and sales.

Galperin, R. V., Hahl, O., Sterling, A. D. and Guo, J. (2019). 'Too good to hire? Capability and inferences about commitment in labor markets'. *Administrative Science Quarterly*. 1–39.

Choudhury, P., Foroughi, C., and Larson B. (in press). 'Work-from-anywhere: The productivity effects of geographic flexibility'. *Strategic Management Journal*.

Eldor, L., and Cappelli, P. (in press). 'The use of agency workers hurts business performance: An integrated indirect model'. *Academy of Management Journal*.

Also see: Maurer, R. (Fall 2020). 'Stocking up on talent'. *HR Magazine*.

MENTORING PROGRAMS

We are excited to begin our second year of our Pre-Tenure and Doctoral Mentoring Programs.

We are getting bigger!

The success of our first year enabled us to nearly double the number of members we are able to serve, growing from 13 to 24 mentees.

Thank you to Scott Bentley Rocio Bonet, Heejung Byun, Clint Chadwick, Russ Coff, Gina Dokko, Martin Ganco, Rebecca Kehoe, and David Kryscynski, Victoria Sevchenko, Mike Ulrich for serving as our initial set of mentors.

For more information on how to get involved with the mentoring programs, look [here](#).

More about the Pre-Tenure Program

This year's program kicked off in October. The format is to have small groups consisting of 2 senior faculty mentors and 3 junior faculty. The groups are matched on mutual preferences and stay intact for a year. Participants connect on quarterly Zoom calls throughout the year. The IG provides structure for the quarterly calls, but also offers enough flexibility for groups to organize themselves as best serves their needs.

In addition to quarterly calls, 3-4 topical calls are also scheduled. The first of these featured Rajshree Agarwal leading a discussion entitled, "Inside the Mind of an Editor". Junior faculty participants asked questions and engaged in discussions with Rajshree on the publication process. The next topic call is slated for early 2020 and covers "Getting the Tenure Package Ready".

OUR IG AWARDS

Best Conference Paper

Variety is the spice of internal hiring: How pool heterogeneity affects post-hire performance and exit (by Kathryn Dlugos)

Best Interdisciplinary Paper

The effects of founders' personal and professional backgrounds on strategic alliances: A study of venture capital syndication (by Rui Shen and Gina Dokko)

THE SUNDAY SESSION

Our Sunday Session with the Strategic Leadership & Governance IG featured a rich and interesting panel discussion about the topic of executive selection with 4 prominent scholars representing both groups: David Collings (Dublin City U) and Anthony Nyberg (U of South Carolina), Jim Westphal (U of Michigan), and Anthea Zhang (Rice U). It was a lively discussion about the theoretical and methodological opportunities for integration between the two respective traditions.

If you missed the session, you can view it [here](#).

Your 2020 Interest Group Team

The IG is a pretty amazing group of scholars. But even a group of great individual performers can benefit from some great leadership. To that end, we would like to acknowledge the folks who have poured their time and energy into supporting the IG this year.

Chairperson



David Kryscynski

Program Chair



Anthony Nyberg

Associate Program Chair



Y Sekou Bermiss

Representatives-at-Large (RALs)



Flore Bridoux



Shinjinee
Chattopadhyay

Engagement Officer



Ulya Tsolmon

Information Resource Chair



Rhett Brymer

Knowledge Architecture Chair



John Mawdsley



Federica De
Stefano



Rocio Bonet



Vanessa Burbano



JR Keller

DID YOU KNOW?

You can find **teaching resources** (including videos and exercises) and **research resources** (including research reading lists and doctoral syllabi) on our website. Pretty cool!

Let's have a conversation about . . .

For the last two years, we have invited scholars to share their perspectives on the potential for SHC research to integrate with other areas of strategy. This year, we discuss the stakeholder perspective with two RALs for the Stakeholder Strategy IG: Vanessa Burbano and Jeff York.

You can follow our conversation below (edited for length).



Vanessa Burbano



Jeffrey York



Rhett Brymer

Rhett: Employees are one bridge between the stakeholder and SHC perspectives. Yet while SHC largely draws from human capital and resource-based theories, stakeholder theory is rarely invoked in our research. What can SHC scholars learn from a perspective that considers employees as just one of many stakeholders?

Vanessa: In my work, I have sought to identify the mechanisms through which and circumstances under which firms stand to benefit or lose from socially (ir)responsible behavior and making social-political claims. I have found both the strategic human capital and stakeholder literatures to be critical anchors for elucidating how these firm activities can affect the firm through employees. Yet, when asked by company or media representatives to make recommendations for companies based on my findings, I often find myself stating the caveat that employees are just one, albeit critical, stakeholder group to the firm, and that to really understand the strategic implications of a given sustainability-related firm action, other stakeholders' responses to the action in question also should be taken together in concert.

This caveat represents what I think is an exciting and important area for SHC and stakeholder scholars to develop more fully going forward. Garcia-Castro and Aguilera (2015) incorporated a broad set of stakeholders into the value-creation/value capture framework, paving the way for extensions of this framework which account for a broad set of stakeholders when predicting strategic organizational behavior. Jim Ostler and I have a recent paper (2020) where we highlight that the relative salience of different stakeholder groups to the organization varies by governance type, as does the extent to which organizations of different types can transfer value from certain activities into value for their key stakeholders. We show that that these differences are critical for predicting which organization types are more likely to engage in a type of misconduct. In terms of how this relates to SHC scholars, I think that contextualizing the relative "importance" of employees as a stakeholder group amongst other firm stakeholders becomes important. With this in mind, differences in the firm's conceptualization of itself and its relationship to society (Crilly and Sloan, 2012), differences in the power, legitimacy and urgency of employees vis-à-vis other stakeholder groups (Mitchell, Agle, and Wood, 1997), and differences in employees' control of valuable firm resources relative to that of other stakeholders (Barney, 2018) become critical.

One theory which I have become interested in recently because it seeks to incorporate various stakeholder pressures and preferences into the equation is stakeholder-agency theory, which treats the firm as a nexus of separate bilateral contracts between principals and agents (different stakeholders) (Hill and Jones, 1992). Given that stakeholder relationships are often not bilateral in nature and different stakeholder groups can have conflicting claims, a potentially fruitful extension of stakeholder-agency theory could perhaps be found in cooperative game theory, wherein a firm is conceptualized as a coalition of its relevant stakeholders (Aoki, 1984, 2010) and the set of players in the "game" are all the stakeholders. In a way, cooperative game theory (CGT) can be considered to be at the roots of the value-creation/value capture framework, and I think it will be really exciting going forward for scholars to further develop frameworks to conceptualize, predict, and examine value creation and capture within different groups of stakeholders of the firm (Bennett, 2017; Coff, 1999; Lippman and Rumelt, 2003a, 2003b; Obloj and Sengul, 2012). I may be somewhat biased in my excitement about this direction for future research, since Jim and I are in the very early stages of developing a CGT model that seeks to do just that. More broadly, I think that work in this area would contribute to efforts recognizing the need for the resource-based view of strategy to incorporate a stakeholder perspective (Barney, 2018) and could be a way to further bring SHC, stakeholder theory and the RBV-view together.

Jeffrey: My research focuses on how, why, and when entrepreneurial firms address environmental challenges. In recent years I've focused on how regional norms at the macro level and individual identity at the micro level influences the creation and success of industries like green building and renewable energy. While I've definitely utilized a stakeholder perspective in

much of my work, I've honestly never spent much time in the SHC space, so I look forward to learning about this work. That said, I have spent a lot of time trying to understand how entrepreneurs build their organizations and encourage stakeholder self-selection. This becomes particularly critical when we're looking at how entrepreneurship can bring together stakeholders across ideological boundaries in issues like adoption of renewable energy (York, Hargrave, Pacheco, 2016).

I totally agree with Vanessa's perspective that firms have to take a wider, integrative view of stakeholders. To me, this represents the opportunity for integration of these two streams. Understanding that employees are embedded within a web of relationships, holding multiple identities outside of their work roles and the firm they work for is essential. This influences why they choose to work for a firm, and how they view their work within it. For example, we studied the relationship between founders and stakeholders in renewable energy startups to understand how these firms built buy in and momentum over time (York, O'Neil, Sarasvathy, 2016). In our sample founders often attributed economic motives, or the desire to work at a start up to their employees - but employees invariably talked about deeper motivations of addressing climate change and fostering a new energy economy for the U.S. While we didn't study this, I believe these differing attributions are driven by the role and social identities that the individuals hold (Stryker and Burke, 2000). Identity then provides one mechanism that can, perhaps, help illuminate the points Vanessa is making about differences in firms' conceptualizations (which are driven by leaders' conceptualizations) and how employees view their role in the firm, and the firm's role in society.

So, from my perspective, a stakeholder view can enable a much broader approach to SHC. Rather than considering how firms derive value from employees, what about considering how firms and employees mutually generate value together for all stakeholders? One empirical way to get at this is to better understand how managers, employees, and social movements intertwine over time in a co-evolutionary manner. I think institutional theorists, and particularly those attempting to understand how logics & movements influence firm strategy (e.g. Lee & Lounsbury, 2015, Hiatt & Carlos, 2019) start to move in this direction, but don't usually focus on employee relationships. I'm not sure the RBV is really helpful here. My take is RBV actually moves us away from taking the impact of the firm on stakeholders seriously. Rather, it seems like stakeholders' relationships simply become another resource to be utilized for competitive advantage. While I realize Freeman's original conceptualization of stakeholder theory is strategic (1984) a deeper conceptualization reimagines capitalism as a mechanism for creating non-economic (e.g. environmental) value for society along with competitive advantage over time (Freeman, Phillips, Sisodia, 2020). In this way, we can (hopefully) pragmatically bring about industrial transformation towards a sustainable future. Clearly human capital is a critical consideration of the system of stakeholder relationships that make up a firm and determine its direction. Perhaps this broader consideration of the role of and influences on employees can lead to new directions in SHC that help us address sustainability issues.

Rhett: Let me build on one theme in both of your responses: employees' relationships with other stakeholder groups in creating value, both economic and non-economic. Though there may be variance between types of firms, industries, and institutional fields, employees are in a unique position as stakeholders given their centrality "inside" the firm. It strikes me that the outsider's caricature of the stakeholder view might be that in an abstract, theoretical sense, all stakeholders are roughly equivalent in contribution and claim to generated firm value. Do you see employees having a different or special role in creating value relative to other stakeholders? Why or why not? How do employees' identities shape their relationships with other stakeholders?

Vanessa: Given that employees' own sense of identity is influenced by their conceptualization of being a member of their employing organization (Ashforth and Mael, 1989) in a way that customers', investors' and other stakeholders' identities are not (at least not to the same degree), the role that the identity of the firm plays in influencing the identity of the employee is significant. Likewise, to the extent that employees are viewed as representatives of their employing firm and as reliable sources of information about the true values of the firms for which they work, and can furthermore play a role in shaping these firm values, employees are a particularly important stakeholder when it comes to the identity of the firm. In this sense, I think that employees are indeed in a unique position as stakeholders, as you note, Rhett.

It will be very interesting to see how employee identity vis-à-vis that of their employing firm may change over time given the "future of work." I was recently on a fascinating SMS panel about this topic and it was really interesting to reflect on how trends such as those towards AI and machine learning, and increases in the prevalence of gig, contract, and remote "work from anywhere" work may influence the identification of the employee with the firm, the nature of the interaction between firm and employee, and even the relative importance of the employee to the firm amongst other firm stakeholders.

Related to thinking about implications for the future of work, I'd also like to build on Jeff's point about whether employees' and other stakeholders' relationships are just a strategic resource to be utilized for competitive advantage under resource-based theories or whether they can be viewed as a mechanism for creating social and environmental value for society. Here, the time horizon under which firm leaders and the firm (are incentivized to and inclined to) operate plays a notable role in determining whether two aims can be conceptualized as one and the same. The greater the future-orientation of firms, the more intertwined the long-term non-economic value creation for stakeholders with the economic value creation and capture for the firm (e.g., DesJardine and Bansal, 2019; Flammer and Bansal, 2017). Given that trends in the nature of work may shorten, rather than lengthen, this time frame, this could make the tension that Jeff described more acute and even more important for us to consider.

Jeffrey: I totally agree with Vanessa's views on time as an important consideration, particularly time horizons' impact on social and environmental value. I've also really enjoyed Tima Bansal and her co-authors' work on this topic. It really resonates with me because when I worked in a corporate setting it always amazed me how we managed everything to align with earnings calls. It wasn't a matter of maximizing value, but more being "right" about our earnings. When corporations are so tightly attuned to the whims of the stock market it makes the idea of stakeholder value seem very far off indeed, compared to the "real" work of generating stockholder returns. Jared Harris and Phil Bromily have this great paper in *Org Sci* (2007) that shows how pernicious these effects become the more tightly they are linked to managers' compensation. How do we even start to conceptualize and argue for broader stakeholder value creation in such a context? I imagine that's the tension many employees feel; I know I did!

Rhett: Jeff, I'm intrigued with your work on stakeholder self-selection, as it aligns with one of SHC's core topics – employee mobility – and some of the recent criticisms that have recently been levied on how SHC views workers' choices and their motivations. Specifically, there have been calls from SHC scholars to expand our view of workers from beyond 'capital' to enterprising individuals (Agarwal, 2019), to consider more seriously workers' agency in our theorizing (Cannella & Sy, 2019), and shifting away from a dominant economic paradigm to one that takes the humanity of workers more seriously (Wright & Essman, 2019; Wright, in press). What can SHC learn from the stakeholder perspective (or your research efforts) on moving beyond a value creation/capture conception of worker self-selection into firms? How might this reframe firm's efforts to attract and retain the right employees?

Jeffrey: That's exactly where I was going with my talk of identity. In entrepreneurship research there's really been a strong move away from focusing on just the individual's identity as an "entrepreneur" and more into the various identities they hold and how that influences their actions. Erin Powell and Ted Baker have a couple of really nice papers in *AMJ* on this. I think these issues become even more acute when we bring in concepts of social and environmental value. For example, Michael Conger (2017) shows how damaging the failure to acquire B-Corp certification can be for entrepreneurs who believe they are creating social value. When it becomes clear they are not really achieving what they set out to do, it's just too much of a hit on their identity. I think employees are probably the same; they clearly hold multiple identities and only one (perhaps even a very minimal one) is aligned with their organization. Thinking about how employees' identities and relationships tie to a broad array of stakeholders, and how they may be the ones to actually identify and more effectively execute on creating more innovative and useful strategies for those stakeholders would be a really powerful research agenda in my humble opinion.

I definitely have seen this in my own research where manager's have no idea what the motivations are of their employees, especially as it relates to non-economic value. That's why self-selection of stakeholders is such a critical part of the entrepreneurial process. And employees are the very first sale. I think we all see that the current generation of business students would much rather work at a company they feel proud of for less money. Of course, not all of them feel that way, but many more do than when I was getting my MBA (at least that's what I observe). So companies that empower their employees to leverage the firm to create value for stakeholders they care about are not only going to attract better applicants, but I would argue are likely to be more innovative and successful over time. This is one driver a new interest in employee-owned co-ops and other non-traditional legal entities (3LC, Benefit Corporations, etc.) in my opinion. There's a great deal of fertile ground for stakeholder researchers to learn from the SHC literature about how and why employees tend to choose their employers, exert greater creativity, and stay with a company over the long term. I think only firms that figure out how to create value for employees in a meaningful way can create value for other stakeholders, so perhaps that question is primary to an applied stakeholder theory? Thanks for the opportunity to engage in this discussion!