

Strategic Human Capital - Spring Seminar Series 2021

Firm Specificity
April 14th
Panelists DK Kryscynski & Heli Wang

The following document was created as part of the Strategic Human Capital Spring Seminar on Firm Specificity. Seminar participants collaborated in randomized five person groups to create lists of compelling research questions and ideas for testing research questions related to the topics discussed by Drs. Kryscynski and Wang. This [video](#) provides the discussion preceding and following the breakout rooms.

Soy Sauce Group

Members: Shinjinee, Shinjae, Federica, Evan, Carlos

- Culture can be difficult to imitate. More research on this. Maybe consider purpose too.
- How to observe and operationalize tasks and task-specific human capital
- Orgs can use certain tools to make resources firm specific: NDAs, non-competes
- Orgs can design activities to make HC unique
- Contributions (and perceptions of contributions) of individuals to the firm. How firms/workers can change/obscure contributions.

Ketchup Group

Members:

Kris Irwin (Scribe), Timothy Gubler , Danny Kim, Argyro Avgoustaki (Facilitator),

Thomaz Teodorovicz

- Perceptions of FSHC (what are they, differ by firm, etc.)
- FSHC - Otherside of the story - do tasks / practices of firm matter?
- FSHC (KSAOs) - Something in the middle -> How do firms build these KSAOs. Individuals can perceive different FSHC KSAOs, but there may be multiple and/or misperceived; Set of Individual knowledge perceive / achieve
- Do individuals understand FSHC they have? Understand the labor market demands / reality? What is your role at the firm (manager or employee) - impacts if preference for FSHC or GSHC?
- Opportunities for concepts in ENT - for spin-offs or entrepreneurs (leaving to start own firm)?
- Complementarity assessment - vectors of HC / who's together and have different profiles relate to performance

- At what stage of the Talent Lifecycle does the FSHC matter (recruitment, retention, investments - development). Does the type of firm (industry) matter for this as well (Services that the product = employees vs. others).
- Incentives - investments / return to wages -> Maybe all are valid -> Other times of firm specific information (relational specific).

RQs:

- What parts of the talent lifecycle does FSHC matter (recruitment, retention, development)...?
- What about other firm specific factors - like relationships or the complementarity of multiple individual groups?
- Talent attraction -> Firm-specific training role?

Methods:

- Data Source: Job Posting text data (variety, details, informal/formal, skills listed, etc.) by firm
- Uniqueness of HC -> variety of occupations, Unique HC Strategy proxy?
- Opportunities for qualitative data (cases, interviews, etc.) to capture the deeper concepts at the firm and individual not readily available through data like knowledge/skills, but cognitive processes, relationships, group think
- Networks / relationships

Aioli Group

Greg Reilly, Martin Goossen, Kathryn Dlugos, Thorsten Grohsjean

- To what extent are certain skills more or less specific? Putting everything on a broader spectrum to determine widespread applicability
- Can we separate-out applicability of human capital and uniqueness of human capital? To what extent is the skill you have useful for this particular firm versus is the skill generic for the industry.
- What is the “right level” of making the work useless outside?
- Leading firm-specificity and how it might be better for job seekers/employees; we always think of firm specificity as bad for talent market potential

Wasabi Group

Spicy and refreshing! - Rocio, Sekou, Olga, Christoph, and Rhett

- Orchestration of tasks/resources - managers that know how these combine
 - This is the key to driving value from firm-specificity

- Don't we have theory on this already within resource acquisition/deployment literature? How do we actually measure tasks?
- What is specific is in the bundling of KSAOs (portfolio of resources) -- that are hard to find in the labor market. Combination of resources, not necessarily complementarity.
- We hire based on 'visible' attributes, but many important KSAOs might be dormant or unrecognized at the hiring event and many emerge over time. How might firm evolution activate these potentially FS attributes emerge over time?
- Is FSHC always "built" and not "bought"? Could comobility and external relationships of talent sourcing and placing allow immediate firm specificity upon entry?
- Measurement is the key. Do we need Taylorism types of studies within orgs to drill down to what is actually going on???

Hot Sauce Group - Janice Molloy, Samantha Conroy, Tunde Cserpes, Rory Eckardt, Olivia Anger

- How do we categorize firm-specific incentives? How do we disentangling firm-specific and general
- How do we loosen the assumptions of human capital theory when firms do not know the task ahead of time as in the case of start ups?
- Assessing FSHC from a multilevel perspective - how does FSHC tie into individual compensation?
 - Need to use mixed methods
 - Intercept only multilevel model may be useful

Vegemite/Oreo Group (Campbell, Coff, Keller, Moulick)

- Implications of matching skills and tasks -- How do firms (and workers) navigate this process
- FS is very hard to measure and introduces more noise into labor markets than the signal (despite being very strategically important)
- Even if FSHC exists, are they overwhelmed by other factors?
- Boundary conditions: When does FSHC behave as classical theory predicts (empirical exp)?
- When is an investment model appropriate/applicable?
- How does TSCH affect value capture?
- Why are governance structures seeming to respond to FSHC dilemmas?
- How hard is it to bring new people up to speed? (longer learning curves)
- Implications for careers?

Chat log

08:17:01 From Russ Coff : Thanks Heli! Lots of opportunities.

08:18:43 From Yasemin Kor : Thanks Heli. Great research puzzle

08:20:59 From Heli Wang : thanks Russ, thanks Yasemin. good to see you!

08:30:35 From Evan Starr : Measuring “firm-specific” tasks seems like a really tall challenge. How would we go about doing that?

08:31:44 From Evan Starr : Seems like you’d have to really know all the details of a company, which may make it hard to do such a study at scale.

08:32:26 From Shinjinee Chattopadhyay : Evan: Looking at firms’ inventions may be a way of doing that? But then - are inventions tasks or knowledge?

08:32:44 From Thomaz Teodorovicz : @Evan: I second Evan’s point. Perhaps one way to evaluate it at scale would be uniqueness of task composition in a firm (e.g. using # combinations of occupations) or getting micro-data on tasks via BurningGlass

08:34:21 From Evan Starr : Innovation may work... but innovation seems like an outcome from the *successful* application of KSAOs to certain tasks. And patents are already specific to the firm, so how much does that push the frontier?

08:34:30 From Yasemin Kor : Thank you David, very interesting.

08:34:31 From Rhett Brymer : Google Doc for the breakout rooms:
https://docs.google.com/document/d/1k66ALJydGI4vCw_pDvcsRrVMbPE_TswQDzmqxzqQXB8/edit

08:35:44 From Russ Coff : No GF Oreo group...

08:59:21 From Greg Reilly : I must go. thanks everyone. Great to see you all!

09:02:49 From Evan Starr : Folks might be interested in the idea of “contract-induced firm-specificity” which we examine here:
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3814403. Basic idea is that firms can use contracts to prevent the diffusion of otherwise fungible resources across firm boundaries.

09:03:35 From Sekou Bermiss : I think our area is in need of qualitative work to identify how FSHC looks and operates..

09:05:11 From Ben Campbell : + 1 @Sekou

09:08:17 From Evan Starr : Does this count as qualitative work Sekou? Or is it too perceptual?

09:09:18 From Evan Starr : Link to paper: <https://www.jstor.org/stable/146414?seq=1>

09:09:50 From Thomaz Teodorovicz : Perhaps survey questions that ask about firm-specificity or generality get to Russ and Raffiee’s papers on perceived vs. effective firm-specificity

09:10:55 From Evan Starr : (That’s what the quote in the screen shot above is—a question on the NLSY that was added only in 1993 about workers perceptions on the general/firm-specificity of training)

09:10:59 From Russ Coff : Yup. We used the same data source (NLSY) but we also used the KLIPS survey which is similar.

09:11:04 From Thomaz Teodorovicz : To Heli’s point, but how can we use qualitative work to distinguish effective from perceived firm-specificity?

- 09:12:32 From Sekou Bermiss : @Evan - I think that is very detailed quantitative data. Which is very good and definitely gets us closer to better measures. I will read this..
- 09:13:08 From Russ Coff : Some jobs take a long time to come up to speed -- even for the most qualified hires. This is a very practical challenge that HR professionals do focus on.
- 09:13:39 From Russ Coff : What he said...
- 09:14:33 From Rhett Brymer : Can employees come in with FSHC? If they have experience with the firm, networks within the firm, networks between the firm and their placement/sources?
- 09:15:19 From Sekou Bermiss : Firm-specific reward = Tenure?
- 09:16:24 From Russ Coff : @Rhett, distinguish between pre-existing complementarities and HC gained after joining. But your point about social ties suggests that some FSHC can exist before joining...
- 09:16:56 From Ben Campbell : In Rhett's scenario, would this type of FSHC be strategically relevant? Would it create a wedge between use value and market value for someone? Or better - when would it create a wedge?
- 09:18:58 From Russ Coff : Brings in Lazear's skill-weights approach...
- 09:19:06 From Sekou Bermiss : @Rhett That sounds like these actors have near "perfect" information.
- 09:19:23 From Rhett Brymer : Yes, and the matching perspective that Ingo et al. talk about
- 09:20:09 From Kris Irwin : Talent Selection Strategy = FSHC Fit / Complementarity goal? Differences with Firm Culture Fit evaluation? Endogenous issue perhaps in our measurement?
- 09:20:26 From Sekou Bermiss : Chime in Russ. you know you want to...
- 09:21:54 From David Kryscynski : I think we have other experts in the room like Shinjinee and Tim Gubler who have thought about specialization in ways other than firm-specificity
- 09:23:03 From Rhett Brymer : @Kris, yes, definitely endogenous. But, to your point that might be part of the strategy to 'buy' FSHC with better information.
- 09:24:59 From Rhett Brymer : Maybe we should be talking about FS social capital at least as much as HC.
- 09:25:43 From Olivia Anger : Is FSHC inherently relational? Individuals choose to invest in FSHC and firms choose to invest in individuals. Are we focusing too much on individuals' perceptions and decisions to invest in FSHC rather than differences between the individual and the firm's (or upper management's) perceptions of the specificity of their employees skills and how they choose to invest in employees and specifically, how these two views interact?
- 09:26:42 From Sekou Bermiss : this is the idea of resource orchestration being the root of FSHC
- 09:26:49 From Evan Starr : Isn't social capital necessarily group-specific and not firm-specific? Because if the group in which the social capital exists moves (i.e., co-mobility) then the capital fully transfers elsewhere.
- 09:27:39 From Russ Coff : @Evan, sometimes. Some ties span groups and firms...
- 09:28:13 From Rhett Brymer : @Olivia @Sekou - really interesting idea. Wondering to what degree these are intentional vs. emergent behaviors/decisions
- 09:28:52 From Russ Coff : Very nice discussion. Thanks to all for engaging!

09:29:01 From Ben Campbell : @Russ/Evan so the value of a network is as firm specific as the least mobile member?

09:29:11 From Argyro Avgoustaki : Thank you all very much

09:29:11 From Thomaz Teodorovicz : Thanks for sharing your thoughts/experience with us, DK, Heli and all

09:29:22 From Evan Starr : Yes Ben!

09:29:23 From Shinjinee Chattopadhyay : Thanks everyone. Super interesting session!

09:29:24 From Sekou Bermiss : This was great. I miss our conferences!

09:29:28 From Rhett Brymer : We'll have the recording, chat, and the google doc content up on the SHCIG website.

09:29:28 From Timothy Gubler : Great session. Thanks all!

09:29:32 From Ben Campbell : This was fun! Good to see everyone!

09:29:39 From Rory Eckardt : Thanks everyone!

09:29:44 From Janice Molloy : Wonderful to see everyone! Well done all!