

# STRATEGIC HUMAN CAPITAL INTEREST GROUP



Volume 11 / Fall 2021

## SPRING SEMINAR SERIES

What's next in strategic human capital research? Three online seminars took place during Spring 2021 addressing this question. The specific areas covered were: Firm Specificity with David Kryscynski & Heli Wang, Pandemic Effects with Sarah Kaplan & Raj Choudhury, and New Methods with Rory Eckardt, Denisa Mindruta, & Evan Starr.



Session notes and videos are available on the Strategic Management Society SHC IG webpage.

*Special thanks to Rhett Brymer, Sam Conroy, and John Mawdsley for organizing and facilitating the sessions and to Robin Chan for managing the technical aspects of the sessions.*

## Who wrote all of this?

Thank you to Anthony Nyberg, Sekou Bermiss, Timothy Gubler and Rhett Brymer for their contributions.  
Newsletter Editors: Flore Bridoux and Samantha Conroy

## THOUGHTS FROM THE CHAIR

*A note from our Chair – Anthony Nyberg*

Welcome to the Fall 2021 edition of the Strategic Human Capital Interest Group (SHCIG) newsletter. As I come to the end of my three-year term in the IG leadership, I am grateful for the opportunity to share some “thoughts from the Chair.”

As you'll see, our Program Chair Sekou Bermiss put together a terrific program. Doing so is always challenging, but particularly so in a virtual format. The fatigue of COVID is wearing on many of us, making it more difficult to solicit both papers and reviewers, but Sekou's efforts were magnificent, and the conference looks as strong as an on-line format can be. We all owe Sekou and the reviewing team a debt of gratitude for assembling a program that will make this conference thought-provoking and enriching. Thank you all!

Building on the momentum of the first ten years and particularly the innovations introduced by Moliterno, Kehoe, and Kryscynski, the SHC IG continues to lead SMS. In the last three years many of the prior initiatives have formed strong roots and recent contributions are starting to take hold. This includes an ever-increasing number of submissions (albeit down while on-line), doctoral student and new junior faculty mentoring programs that have received great acclaim, teaching and research resources that are now posted on-line, a strategic HC playlist with relevant videos, a Spring on-line seminar series and a new on-line communication tool, among other benefits for all of us.

Since the formation of the SHC IG, we have enjoyed and benefited from great opportunities to share ideas. However, more than the incredibly stimulating and thought-provoking work, it is absolutely clear that what makes this IG special are all of the amazing people that partake. So, to everyone in the IG, thank you – I eagerly look forward to seeing you next year, in person.

I also want to highlight some of the people who have brought tremendous energy, initiative, and fun to the IG leadership group over the past three years; to Tom, Becca, DK, Sekou, Rocio, Ulya, Rhett, John, Flore, Sam, Shinjinee, Tim, Jenna, Federica, JR, Greg, Vanessa, Alia, Dee, and Dana, and my apologies to those missed due to clerical mistakes, you have my everlasting appreciation.

*Anthony*

P.S. For those that never saw what DK put together for our 10th anniversary celebration, I encourage you to look at it on the SMS SHC website. The last video in the strategic Human Capital Playlist includes a series of interviews from IG Chairs during the first decade. I encourage you to also look at the IG Tractor that precedes it.

<https://www.strategicmanagement.net/ig-strategic-human-capital/overview>

## A Message from the Program Chair – Sekou Bermiss

In an IG where we all recognize the value of human capital, let me begin by offering my deepest thanks to all of the members of the SHC IG community who have submitted proposals and engaged in thoughtful reviews for the conference program. I also want to thank the other members of the leadership team (Anthony Nyberg and Rocio Bonet) along with all of our SHG IG Reps-at-Large (listed on page 8). They have all put in a tremendous amount of work to create an engaging conference program which included planning the Sunday sessions, reviewing best paper submissions, organizing plenary sessions, and more! **Thank you!**

This year our program kicks off on Sunday with our Interest Group and Community Session with the Corporate Strategy IG about [Resource Redeployment](#). In this session we have invited thought leaders from both IGs to provide an overview of this important topic from their respective lenses, but also to discuss how the separate streams of research might be optimally integrated. I am very excited about this session as these collaborations are tremendously beneficial for our IG as they expose us to related work in other IGs and vice versa. Part of the goal of these sessions is to let members of other IGs know that our IG could be a potential home for their human capital related research. I hope that you can attend and be a part of our ever increasing community.

We received 63 submissions this year for the competitive program and accepted 37 (59%). Thank you to the 104 IG members who answered the call to serve as reviewers! The accepted papers are organized into 13 Paper Sessions, including a joint paper session with the Corporate Strategy IG and three joint sessions with the Entrepreneurship & Strategy IG. We have also organized two Parallel Panels, one on Monday entitled, “[The Remote Shock and its Strategic Implications on Organizations and the Geographies of Work](#)”, and another on Tuesday entitled, “[Strategic Human Capital Scholarship: Intriguing Directions for the Future](#)”. We have assembled a rock star group of speakers for these two panels and I hope that you can attend.

Like last year, we are holding our business meeting before the conference begins. This year it will be on September 14th at 11a EDT (UTC-4). If you haven’t already, you can register for the meeting [here](#) to receive the zoom link. Please come ready for an update from IG leadership, some social activities, and to celebrate our SHC IG best paper winners. We will keep the business portion short so that most of our time can focus on enjoying building connections.

I hope you see you virtually this year and (fingers crossed) in person in London in 2022.

### SATURDAY WORKSHOP

#### *Early Career/Interdisciplinary Faculty Professional Development Workshop*

This professional development workshop will provide early career and interdisciplinary scholars with 1) insights regarding research in strategic human capital from a keynote speaker and 2) an opportunity to receive feedback from expert scholars on their current papers in progress on topics addressing the role of human capital resources in unit and firm performance.

The workshop will open with a brief networking session, which will include an icebreaker intended to introduce participants to each other. This will be followed by a keynote address regarding emerging trends and questions in the field. There will be a Q&A session following this. In the second part of the workshop, participants will have the opportunity to receive feedback on their current papers in progress from expert scholars as well as to provide their own feedback to their peers in a roundtable session format.

Organizers: Shinjinee Chattopadhyay (U. of Illinois at Urbana-Champaign) and Jenna Pieper (U. of Nebraska - Lincoln)

Keynote Speaker: Matthew Bidwell, U. of Pennsylvania

#### Discussants:

- Seth Carnahan, Washington U. in St. Louis
- Clint Chadwick, U. of Kansas
- Rebecca Kehoe, Cornell U.
- David Krycinski, Brigham and Young U.
- Joe Mahoney, U. of Illinois at Urbana-Champaign
- Dana Minbaeva, Copenhagen Business School
- Mahka Moeen, U. of North Carolina at Chapel Hill
- Chris Rider, U. of Michigan

## THE SUNDAY SESSIONS

### **Resource Redeployment: A conversation between strategic human capital and corporate strategy** (Session 1924)

*Sunday, September 19, 10-11:15 Toronto Time (UTC-4)*

This session examines the implications of resource redeployment for strategic human capital and corporate strategy. Resource redeployment is a topic that has received growing interest in both fields. However, the research in each area has grown in parallel, without much cross-fertilization. This session brings together thought leaders from both areas with the aim of establishing a conversation and exploring opportunities for integration between these two fields regarding the topic of human resource redeployment. The session is organized such that two experts, one from corporate strategy and one from strategic human capital, will present an overview of research on resource redeployment from the lenses of their areas. After the general overview, two scholars will present an overview of the existing research at the intersection between the two areas.

Panelists: Matthew Bidwell (University of Pennsylvania), Timothy Folta (University of Connecticut), Samina Karim (Northeastern University), Luis Rios (University of Pennsylvania)



### **Contested Terrains in Strategic Human Capital** (Session 1936)

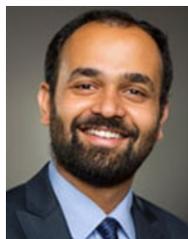
*Monday September 20, 2:30-3:45 pm, Toronto Time (Eastern UTC -4)*

This session is aimed to generate a fruitful debate on current controversial areas in the field of strategic human capital. Expert scholars will engage in a debate presenting reasons to defend a particular position regarding the two following questions:

Question 1: Can contract workers be a source of sustainable competitive advantage? The full-time employment model characterized by a unique relationship between the employer and the employees is becoming dated. In the gig economy, many workers are contract workers, often independent contractors, over whom the company does not have directive control. This trend is only expected to grow in the near future. For strategic human capital scholars, a relevant question is whether companies can obtain a sustainable competitive advantage from contract workers. Our speakers will look at both the advantages and disadvantages of a contractor workforce for firm performance.

Question 2: Does taking a stance in ideological debates help firm performance? Firms seem to more and more often take a stance in the public debate around ideological issues. Our speakers will evaluate the pros and cons of companies' taking a stance on an ideological matter for issues related to strategic human capital.

Panelists: Sekou Bermiss (University of North Carolina at Chapel Hill), Vanessa Burbano (Columbia University), Peter Cappelli (University of Pennsylvania), Abhinav Gupta (University of Washington, Seattle), Deepak Somaya (University of Illinois at Urbana-Champaign), Todd Zenger (University of Utah)



## OUR IG AWARDS

The **Strategic Human Capital Interest Group Best Conference Paper** is evaluated along conventional lines: theoretical insight, methodological rigor and managerial relevance.

The **Strategic Human Capital Interest Group Best Interdisciplinary Paper** honors one of the founding principles of our interest group by effectively integrating research across disciplinary boundaries.

Award finalists:

- Natarajan Balasubramania, Evan Starr, Shotaro Yamaguchi  
*Bundling Postemployment Restrictive Covenants: New Evidence from Firm and Worker Surveys*
- J. Daniel Kim, Michael Pergler  
*Startup Hiring through Firm-Driven Search: Evidence from a Startup Employment Program*
- Hugh Xiaolong Wu, Shannon Liu  
*Managerial Attention, Employee Attrition, and Productivity: Evidence from a Field Experiment*
- Stefan Breet , Lotte Glaser, Justin Jansen  
*Who Steps Up After a Merger? A Social Network Perspective on Post-merger Taking Charge Behavior*
- Sukwoong Choi, Namil Kim, Junsik Kim  
*Strategic Choices with Artificial Intelligence*
- Frederick Bentley, Rebecca Kehoe, Hyesook Chung  
*Investing for Keeps: Pre-Pandemic Human Capital Investments Reduce Layoffs Associated with COVID-19 Financial Pressures*
- Huimiao Zheng, Aaron Hill  
*Climbing Across Ladders: How Comobility Affects Career Advancement*
- Kira Choi  
*Gender Differences in the Use of Social Contacts in the Job Search Process*
- Paola Criscuolo, Bill McEvily, Brian Silverman, Anne ter Wal  
*Differential Investments in and Returns to Social Capital for Men and Women*

Congratulations to all the finalists!

The awards team:



Samantha  
Conroy



Timothy  
Gubler

## RESEARCH SPOTLIGHT

**Sam:** *Thank you all for taking the time to answer some questions for the SHC IG Newsletter. I really enjoyed reading your recent paper on the performance of boomerang employees. This topic seems especially interesting as we are seeing record turnover rates in organizations and organizations expanding their potential hires beyond their local communities through teleworking opportunities. Altogether, I wouldn't be surprised if we see boomerang hiring become even more prevalent than it already is. Your research helps us to better understand the human capital advantages that may arise when boomerang employees return. What motivated you to conduct this research?*

**JR:** We were all aware that organizations were (and still are) increasingly open to hiring former employees. However, when we looked at the extant literature, we could not find a clear answer as to how well boomerangs performed when they returned. We thought we could answer this question.

**Becca:** This may be more of what excites me about this research than what motivated it, but I'll add that the performance advantage of boomerangs occurs as a function not just of the human capital of the boomerang hire, but of the firm-specific utilization of that human capital that is enabled as a function of boomerangs' prior experience in the organization. It's this kind of juxtaposition of human capital and context that I think tends to grab the interest of many of us in the Strategic Human Capital IG.

**Matthew:** This topic also fits neatly into some of the research that JR and I have conducted in the past. We have looked at differences between new hires versus people promoted or transferred within the firm, gaining a strong sense that experience within the firm really matters to performance. But you have these boomerang hires who are intermediate between new hires and internal candidates. Does that prior experience help them within the organization?

**David:** For me the initial interest came from discussions with leaders on both sides of the fence in terms of rehiring former employees. Although the tide has certainly turned in terms of openness to boomerang hires, I still heard from some leaders who were skeptical. There was so little research to point them to to inform their decisions. So, it was clear that this was a question that people were thinking about and that we had little to inform their decision making.

**Sam:** *How did your authorship team come together to address this topic?*

**JR:** I'd like to say that it's because I have a good eye for talent ☺. Actually, it was a confluence of a number of factors. David had spent time as part of a Fulbright at Cornell and during that time we'd discussed how surprised we were that we knew so little about boomerangs given that companies were telling us they were using them with greater frequency. At the same time, Matthew, Becca, Adam and I were working separately with Asclepius to better understand their hiring decisions. Both our conversations with them and their data showed that they were hiring more and more former employees. It made sense to bring us all together to look at this.

**Becca:** I think JR has a good eye for talent.

**Matthew:** Yes, JR is good at bringing people together.

**David:** I had the great privilege of spending some time at Cornell on a Fulbright and JR and I had so many great discussions around our interests in talent and internal mobility. From those discussions boomerangs came up as a very cool angle on hiring that was underexplored. As JR mentioned Becca, Matthew and he had been doing some amazing work with Asclepius and it turned out that their data had plenty to say about boomerangs too and they were also thinking about the question. I lucked out in terms of getting to work with such an amazing author team on this paper.

## A BEHIND THE SCENES LOOK AT:

Keller, J., Kehoe, R. R., Bidwell, M., Collings, D., & Myer, A. (in press). [In with the old? Examining when boomerang employees outperform new hires.](#) *Academy of Management Journal.*

**ABSTRACT:** As most careers now span across organizations, former employees represent a growing source of potential hires for many organizations. Yet, we know little about whether and when firms benefit by rehiring former employees. To answer these questions, we adopt a knowledge-based view (KBV) of hiring to develop new theory about how returning former employees' ("boomerangs") post-hire performance might differ from that of external hires who have no previous experience with the firm ("new hires"). We theorize that, relative to new hires, boomerangs' familiarity with the organization's social system will allow them to more effectively engage in coordination and overcome internal resistance from organizational incumbents. As a consequence, boomerangs should have a particular advantage in roles that require a higher degree of coordination and in units that are likely more resistant to outsiders. Comparing the post-hire performance of 2,053 boomerangs and 10,858 new hires over an eight-year period in a large health care organization, we find that upon being (re)hired into the organization, boomerangs outperform new hires in their initial job spell and that this performance advantage is larger in jobs requiring greater internal coordination and in contexts characterized by greater internal resistance to external hires.

**Sam:** *So what exactly makes boomerang employees unique from new hires?*

**JR:** Boomerangs – by virtue of having previously spent time in the organization – are familiar with the organization’s social system in a way that new hires are not. They already possess the tacit knowledge about how to communicate and how things actually get done.

**Matthew:** Agreed. One thing that the reviewers pushed us on was the idea that the organization knows more about them as well. Could it be that boomerangs are better than new hires because the employer can only rehire people who performed well previously. I think that this is another plausible difference, but our analyses found little evidence that rehiring was being used as a way to improve selection in the firm that we studied.

## ABOUT THE AUTHORS

JR Keller is an Assistant Professor of Human Resource Studies in the ILR school at Cornell University.

Rebecca Kehoe is an Associate Professor of Human Resource studies in the ILR school at Cornell University.

Matthew Bidwell is an Associate Professor of Management at the Wharton School at the University of Pennsylvania.

David Collings is a Professor of Human Resource Management and Associate Dean for Research at Dublin City University.

Adam Myer is Senior Manager of Workforce Analytics at Johnson & Johnson.

**Sam:** *How does your research alter our understanding of different types of hiring and firm human capital?*

**JR:** Our research helps to cement boomerang hiring as a source of hire that researchers and HR professionals begin to pay more attention to. What it also, does, however, is underscore the importance of considering when certain sources of hire are mostly like to be effective. We focused on boomerangs, but more generally I think our results show the value is thinking carefully about which of the many available sources of hire are most likely to create value for certain types of jobs and in certain situations.

**Becca:** Building on JR’s response, I think this study also points to the need for our research more generally to account for the different ways that employees create value – and to capture this in our measures. While there are clear benefits of examining standard measures of employees’ job performance as we did here, the job and contextual factors we examined highlight just a few of the many ways that employees can contribute in organizations. Employees can make tangible differences in facilitating coordination, in overcoming resistance, etc. – we should be measuring these as contributions to value creation where they are relevant.

**Matthew:** Agreed. I think that exploring the question of when a particular source of hiring does better is not something we have spent nearly enough time exploring in the research literature.

**Sam:** *Does the performance advantage have a time limit (i.e., when does the performance advantage dissipate in comparison to a new hire)? Are there other moderating factors that alter the performance advantage of boomerang employees?*

**JR:** We found that this performance advantage lasted through the first job spell. That is, boomerangs received higher performance rating each year they

were in the job they were initially hired into. In our data, that first job spell lasted just about two years, on average. This lined up nicely with what we heard from the organizations, which was that it takes about two years to really be considered an “insider”. We might expect that this advantage would begin to dissipate around the two year mark, but we cannot say this with certainty. The boomerang advantage is greater in jobs that require more internal coordination and in work groups where new entrants are more likely to face resistance from incumbents.

**Sam:** *Do you think there may also be some dark sides to boomerang hires?*

**JR:** One possibility is that workers who have decided to stay with the organization might view returning boomerangs as traitors, wonder why they felt the need to leave in the first place. In fact, we have seen some really interesting work in progress that suggest that longer tenured incumbents might be less likely to help out boomerangs upon their return.

**Becca:** I think there is also the potential for extensive boomerang hiring to limit the diversity in an organization. To the extent that an organization significantly increases the focus of its external hiring efforts on former employees, this could reduce opportunities to bring in new hires who may differ from the typical hire made by the organization in the past. This is more of a potential dark side to boomerang hiring than to boomerang hires themselves.

**Matthew:** The other concern with boomerang hiring is that you are bringing in people who already left the organization once, or even were let go. Why wouldn’t they leave again? Might they be poor performers? We did find that, despite their performance advantage, boomerangs were as likely to leave voluntarily as other new hires, and even had a higher rate of being let go. Overall, we think that boomerangs have real advantages, but we do need to bear in mind the reasons that they once left.

**David:** One potential concern is that higher levels of boomerang hires may be masking some underlying issues such as career progression or employee development within the firm, in that employees may be leaving owing to some sort of plateau in career development. Additionally given our results suggest that boomerang careers do not advance more quickly than those that stayed, this may reemerge as an issue over time.

**Sam:** *Did this research challenge any of your own pre-existing assumptions about human capital?*

**JR:** When I think of firm-specific-skills, I tend to think about the importance of knowing organizational routines and processes. What this work really highlighted to me was the importance of the “softer side” of firm-specific skills – of how much value there is to knowing how to talk with, support, and interact with one’s colleagues.

**Becca:** In a more general sense, I see this study as a useful reminder of how critical it is to consider the role of context in the study of employees’ human capital and performance. Our findings highlight the risks of equating human capital and performance, underscoring that performance is a function not only of human capital, but also of its utilization to create value within a particular context.

**Sam:** *How can your findings help organizations make better decisions?*

**JR:** Our work shows that organizations should maintain relationships with former employees – they can be a very valuable source of hire. More than that, a key takeaway is that it pays off to consider when certain sources of hire are most likely to create value, so that organization can dedicate scarce recruiting resources where they are most likely to be successful.

**Becca:** I think there are also some useful takeaways here concerning what organizations should be prioritizing in the onboarding and socialization process – namely, supplementing training on formal policies and processes with support in developing relationships with colleagues and navigating the informal routines and structures of the organization.

**David:** Another takeaway for me was reinforcing the importance of line managers. Other work on boomerangs has highlighted the role these managers play in maintaining contact with employees when they are away and in initiating the return. Our study shows that managers have an important impact on performance when they do return. Specifically, while managers, and particularly longer tenured ones, may be resistant to new ideas from new joiners, boomerangs better knowledge of social systems seems to aid them in breaking down this resistance. This may point to the value of interventions with line managers to help them understand their biases toward new ideas and how they can better enable innovation in their teams.

**Sam:** *The working world has certainly been undergoing change in 2020-2021, how do you see this work as particularly relevant to the current trends in organizations?*

**JR:** In light of what some of HR colleagues are calling, the “Great Resignation”, there are more former employees out there than ever. Organizations should be open to bringing them back.

**Becca:** Building on an earlier response from JR, organizations should be getting creative about how to build and maintain strong bonds with those employees who do leave in this period. They may be the organization’s most promising hires tomorrow.

**Matthew:** I think that this is particularly true as so many people were let go early in the pandemic. Our study suggests that they should be a priority for rehiring efforts.

**David:** There is little doubt that the pandemic have shifted many employees’ priorities around work and this may result in some reevaluation of former employers or jobs which may in turn lead to more employee-initiated boomerang moves. But there is no reason why employers couldn’t actively target these folks as they may be contemplating a move and open to an approach. Our work suggests that those former employers should be open to those moves.

**Sam:** *Do you plan to continue your research on boomerang employees? What kinds of projects are on the horizon for you on this topic? Does this specific author group have any upcoming projects?*

**JR:** This is probably it for boomerang employees, at least in the short-term ☺. We, however, are hard at work on a number of project stemming from our long-standing relationship with Asclepius comparing new hires with internal hires.

**Becca:** For me personally, this project has also sparked an interest in better the broader area of employees’ transitions between organizations, and the factors that may smooth these often challenging periods.

**David:** This project has sparked an interest in resocialization in organizations for me. So how do employees retuning to an organization, for example boomerangs, mothers returning after maternity leave, or those returning from sick leave, experience socialization and what should organizations be doing to resocialize them? Their experience is likely to be very different to those joining for the first time. One study that I am working on with some colleagues is looking at the resocialization experience of mothers on the return to work after maternity leave for example.

## SMS Social Event + Business Meeting

The Strategic Human Capital Interest Group business meeting is a great chance to interact with other group members, and to receive updates on interest group activities and priorities. During the meeting we will present best paper awards, announce nominees for upcoming group leadership positions, review past and upcoming group activities, and engage in a short virtual "social" aimed at increasing within-group connections. We hope you will attend!

The SHC IG Business Meeting and Social will take place on Tuesday September 14 from 11:00am until 12:15pm (Toronto time, Eastern UTC -4). You can [Register 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



Anthony Nyberg

### Program Chair



Y Sekou Bermiss

### Associate Program Chair



Rocio Bonet

### Representatives-at-Large (RALs)



Flore Bridoux



Shinjinee  
Chattopadhyay

### Engagement Officer



Ulya Tsolmon

### Information Resource Chair



Rhett Brymer

### Knowledge Architecture Chair



John Mawdsley



Samantha  
Conroy



Federica De  
Stefano



Timothy Gubler



Jenna Pieper

## 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 past three years, I have facilitated conversations in this newsletter with accomplished SMS scholars about our Strategic Human Capital interest group and its potential to integrate with other areas of strategy. This year, we are honored to have Shad Morris and Dana Minbaeva – two scholars who have deep expertise in both human capital and international business – share their perspectives on SHC and Global Strategy. The wake of the global pandemic has reminded us of the interconnectedness of the worldwide economy, and provided an opportunity for business leaders and us, as scholars, to reflect on employment that spans borders.

What follows is a lightly edited email “conversation” we recently had.

**Rhett:** Thank you both for your willingness to engage in this “conversation”! Each of the last three years of doing this, I’ve been in awe of the insights scholars have about our (sub)field, how we can ask more interesting questions, and how we might inform (and be informed by) other research traditions. I am super excited to have you two very accomplished scholars that have expertise in HC/HR and how it applies in international contexts.

Let me start off the discussion with a general question and premise. A clear majority of strategic human capital research, to date, is bound in single country settings and with little (or no) consideration of the country-specific context of the study. Yet, we know from the vast literature in international business that individual country contexts matter a great deal for firm- and individual-level phenomena, and that business across borders is significantly more complex than domestic. Given this, how can international business research inform SHC? What sorts of unanswered questions can SHC tackle when we consider a more international context?

**Shad:** If we build off of your premise that “business across borders is significantly more complex than domestic”, then we have tremendous opportunity for theory development based on the mere fact that a more complex context may change the applicability of existing theory. For example, the global pandemic has emphasized the need for firms to reconsider the workforce compositions they engage with to create firm value. A firm’s human capital composition no longer consists primarily of its internal employees and spot-market contractors located domestically. Instead, firm value is being created by individuals and firms located across focal firm boundaries and country borders.

More interestingly, many of these foreign actors might be both competing and cooperating with the focal firm at the same time. One challenge for strategic human capital scholars is to examine the dynamics of these complex organizational ecosystems to understand (1) what a firm’s global human capital composition looks like, (2) how it helps the firm to achieve (and formulate) strategic objectives, and (3) how it is governed across boundaries and borders, where traditional models of hierarchical fiat and spot-market contracts may no longer apply.



Dana Minbaeva



Shad Morris



Rhett Brymer

**Dana:** ...“firm value is being created by individuals and firms located across focal firm boundaries and country borders” - couldn’t agree more.

Shad should have cited his own work where he and his co-authors, using the two dimensions of firm-specificity and location-specificity, defined MNE human capital as consisting of four forms of human capital: corporate human capital, subsidiary human capital, international human capital and local human capital (Morris, Snell, & Björkman, 2016). While we in International Business have extensively studied corporate and subsidiary human capital, more work can bring into the IB discussions the last two forms, namely international and local human capital. This is a very good example of how two established theoretical domains could help each other in transitioning towards “radical traveling theories”.

In our current work, we are taking this one step further and arguing that in order to truly understand the richness of multi-national human capital that we need to take Morris et al’s (2016) typology one step further. We argue that considering the combinations of firm-specific (corporate and subsidiary) human capital and location-specific (international and local) human capital will enhance our understanding of how multi-national enterprises (MNEs) can best manage their human capital strategically.

For example, during the COVID-19 global pandemic crisis, we saw numerous examples of how the companies would leverage their corporate human capital and combine it with the local human capital. LVMH, the owner of Louis Vuitton and other luxury brands, started producing hand sanitizer and shipped within France. These gels were delivered free of charge to health authorities. The UK-based luxury brand Burberry used its global supply chain network to fast track the delivery of 100,000 surgical masks to the UK National Health Service. The company also repurposed its trench coat factory in Castleford, Yorkshire, to make non-surgical gowns and masks for patients in UK hospitals. In both examples, the combination of corporate and local human capital strengthened relations with local institutions, commitment of local employees and contributed to strengthening the global brand.

**Shad:** First, I must say that I love how Dana pointed out the need for a combination of corporate human capital with local human capital to create value during the global pandemic. By moving beyond firm-specificity and exploring location specificity, she is arguing that regional specificities (à la Saxenian's (1996) work on regional advantage) and cultural specificities (e.g., Early & Mosakowski, 2004; Franke, Hofstede & Bond, 1991) can be a source of value creation for focal firms that can effectively leverage these resources across firm boundaries. I could not agree more. By examining aspects of specificity outside of firm boundaries, we can see how research on competitive advantage needs to shift to include other forms of specificity that can create value the firm.

At the same time, this shift to include location specificity in our research means that the location-specific human capital a firm draws upon is not firm-specific, by definition, and hence, not a source of competitive advantage. Yet, if we listen to what Russ Coff has been saying for years now, then we can see that a non-firm-specific asset can be a source of competitive advantage if we change our assumption that whoever appropriates the rents from the value created does not necessarily have to be the focal firm. For example, some of the work I've done over the past decade consists of working with companies like Bayer, SAP, and Microsoft to innovate globally. These firms cultivate an external pool of specialized talent connecting on varied projects and increasing the richness of external expertise from which the firm can draw. Framing the talent networks as a dynamic ecosystem helps executives from these companies look beyond traditional employment models toward one that includes both firm-specific as well as location-specific human capital resources to create value.

During the Covid-19 pandemic, while political leaders closed their borders, scientists across myriad research labs opened theirs. R&D groups from different countries and companies worked to bring diverse ideas to the table to help solve a common problem—a coronavirus vaccine. This type of collaborative talent network working across multiple companies is now the norm, rather than the exception, for many industries like healthcare, consumer goods, consulting, transportation, technology, construction, etc. Rethinking the nature of competitive advantage as more than just coming from firm-specific assets will help firms take advantage of location-specificities. This also helps us, as human capital scholars, to understand how firms can take advantage of various stakeholders to come together to create value for the focal firm.

**Dana:** Thank you very much, Shad. Clearly, considering the combinations of firm-specific (corporate and subsidiary) human capital and location-specific (international and local) human capital will enhance our understanding of how MNEs can best manage their human capital strategically, within and beyond the boundaries of the firm. But there is more to it.

I am a big fan of Clint Chadwick's 2017 AMR paper on value creation vs. value capture. If we add this dimension to our discussion of different forms of MNE human capital, the picture gets even more interesting. Each of these forms of MNE human capital provide opportunities for leveraging both value creation and value appropriation. Hence, in order to strategically leverage their global portfolio of strategic human capital, MNEs should focus on broadening the gap between value capture and value creation in the interplay between firm-specific and location-specific forms of MNE human capital. Clint and I got very excited about this idea and teamed up with Kieran Conroy to develop and theorize about eight scenarios that arise from the interactions between value creation and value capture in the context of different combinations of MNE human capital. It is still work-in-progress, but we believe that such approach will enable MNEs to leverage complementarities from their globally diverse human capital while delivering on the promises to their global stakeholders. We also believe such view nicely bridges strategic human capital research with international human resource management literature.

**Rhett:** We have witnessed a lot of change as the global economy has been shaken up in the past 18 months – people losing livelihoods, workers needing to relocate and change professions, individuals rethinking their careers, and firms reshaping their business models. Protectionism and nationalism have also surged. As firms confront these recent trends, how do you think they have reconsidered managing their global workforce, both internal employees and supply chain partner employees? Do these changes shift the various types of human capital (corporate, subsidiary, location-specific, international) in terms of the creation-capture dynamic, in your view?

**Dana:** To your question, Rhett, we actually give an example about it in our paper: Labor-related issues in global value chains provide us with an interesting context to explore how value capture and value creation manifests in circumstances where both corporate human capital and international human capital are important. Individuals with high international human capital may be given specialized boundary spanning roles or mandates that have global coverage for spearheading 'full-chain' responsibility. This would enhance the value in use of international human capital as they act as corporate ambassadors in liaising with global institutions, such as, the ILO, UN and OECD, to enforce and create higher labor standards in developing countries and across their global value chains. Although not all employees will value this type of work, matching talent to autonomous boundary spanning positions may be a differentiated way for firms to become a preferred employer for attracting the best global talent. The UK retail firm, Marks and Spencer (M&S) is a good example of a firm that has developed specific roles that are charged with coordinating their global value chain strategy (Working paper by Kieran, Clint, and me).

Finally, let me get back to your opening question, Rhett. As an IB scholar, I would argue that there is a lot that international management scholars can learn from strategic human capital literature. Recently, Hae-Jung Hong and I published a paper, in

which we challenged a literature on multiculturalism/ multiculturals, arguing that multicultural employees are not strategic resource per se for MNEs and that competitive advantages cannot be derived from simply employing multiculturals. We agree, multiculturals possess unique KSAOs (as the literature on multiculturalism argues), but whether those KSAOs become human capital resources relevant for performance parity or strategic human capital resources that provide MNEs with a competitive advantage depends on certain “emergence enabling factors” (as strategic human capital literature argues). Based on our 2-year ethnographic study, we concluded: what matters for an MNE’s competitive advantage is the MNE’s ability to transform multiculturals’ KSAOs into strategic human capital resources by creating complementarities between those KSAOs and emergence-enabling factors embedded in MNE context ([Hong & Minbaeva, 2017](#)).

However, I would also argue that there are a few insights that international business scholars could offer to the strategic human capital researchers. In our study we were able to observe how the organizational context amplifies human capital’s capacity to create synergistic effects. This was possible because of the richness of the MNE context. The emergence-enabling factors are malleable within the MNE context, but they may be difficult for domestic firms to obtain or imitate. So, the explanations of the emergence and aggregation that strategic human capital researchers are looking for, may be difficult to observe within the mono-context of domestic firms.

**Shad:** In closing, I want to reiterate Dana’s last point about what international business research can offer strategic human capital scholars. As a phenomena-based field, international business offers a complex and dynamic context in which strategic human capital scholars can expand theory. This complex and dynamic context requires greater understanding of the deep processes of coordinating and unifying differentiated human capital across boundaries and borders. My experience is that business leaders are increasingly seeing this human capital challenge as one of governing human capital resources within an organizational ecosystem rather than just managing a set of internal human capital resources. As strategic human capital scholars, this presents us with an opportunity to focus on the entire ecosystem of work and organization.