The International Journal of Human Resource Management

ISSN: 0958-5192 (Print) 1466-4399 (Online) Journal homepage: https://www.tandfonline.com/loi/rijh20

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To cite this article: Christopher J. Collins (2020): Expanding the resource based view model of strategic human resource management, The International Journal of Human Resource Management, DOI: 10.1080/09585192.2019.1711442

To link to this article: https://doi.org/10.1080/09585192.2019.1711442

Published online: 10 Jan 2020.

THE INTERNATIONAL JOURNAL OF HUMAN RESOURCE MANAGEMENT
https://doi.org/10.1080/09585192.2019.1711442

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Expanding the resource based view model of strategic human resource management

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ABSTRACT

Strategic human resource management scholars have drawn on the resource-based view of the firm to argue that a high commitment human resource (HCHR) strategy leads to firm competitive advantage by creating greater firm-level employee-based resources that are rare and valuable. While there is early empirical support for this mediated model, prior studies have largely ignored two key aspects of the RBV perspective. First, extant research has not effectively explained why differences in employee-based resources persist across firms that have adopted the same firm-level HR strategy. Second, this body of research has largely ignored contemporary thinking on the RBV which suggests that employee-based resources only lead to competitive advantage when they are a fit to other organization capabilities that enable the firm to effectively orchestrate them for productive use. I draw on the literature on dynamic managerial capabilities to argue that CEO managerial cognition, social capital, and human capital help to explain when pursuing an HCHR strategy potentially leads to greater firm-level employee-based resources and when firms are able to effectively manage and deploy these employee-based resources for competitive advantage.

KEYWORDS

Strategic human resource management; resource-based view; employee-based resources; dynamic managerial capabilities

Following work on the resource-based view (RBV), strategic human resource management scholars have argued that HR strategies have the potential to lead to firm competitive advantage by creating unique and valuable employee-based resources (Collins & Smith, 2006; Lepak & Snell, 1999). In line with this theorizing, there is strong empirical evidence that HR strategies that focus HR policies on high-levels of investment in employees are significantly and positively related to higher levels of firm performance through their effect on employee-based resources (Jackson, Schuler, & Jiang, 2014; Jiang, Lepak, Hu, & Baer, 2012). Theoretically, HR policies that underly an HR strategy work together to

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create a unique climate that shapes and directs employees to develop particular skills and abilities or direct their effort toward specific behaviors (Bowen & Ostroff, 2004); therefore, different high investment HR strategies should lead to the emergence of different employee-based resources (Kehoe & Collins, 2017; Lepak & Snell, 1999). Among the alternative systems that employ a high investment philosophy, I focus on a high commitment HR (HCHR) strategy because it has been identified as effective for managing the core employees who are most responsible for sustained competitive advantage (Collins & Smith, 2006; Lepak & Snell, 1999).

HCHR, as a philosophical approach to managing the employer-employee relationship, focuses on HR policies that invest in employee skill and capability development, build attachment to the organization, and enable employee involvement (Arthur, 1994; Lepak & Snell, 1999). When these high investment policies are consistently implemented across employees, the HCHR strategy results in greater collective employee attachment and motivation to build human and social capital resources that can provide competitive advantages for the benefit of the organization (Kehoe & Collins, 2017). Indeed, recent research provides support for the notion that an HCHR strategy leads to competitive advantage by creating potentially rare and valuable human capital (e.g. Arthur, 1994; Kehoe & Collins, 2017; Takeuchi, Lepak, Wang, & Takeuchi, 2007) and social capital (e.g. Collins & Smith, 2006; Kehoe & Collins, 2017; Shaw, Duffy, Johnson, & Lockhart, 2005). There are, however, several key issues that researchers must address in order to better understand the potential contingencies of the two halves of this mediation model (i.e. the relationship between HCHR and employee-based resources and the relationship between employee-based resources and firm performance).

First, recent research has been critical of the failure of scholars to explain why differences in employee-based resources persist across firms (Coff & Kryscynski, 2011; Foss, 2011; Lepak, Smith, & Taylor, 2007). High investment philosophies, like the HCHR strategy, are easily adopted by firms and the value of these strategies is widely written about, suggesting that resource differences across firms that are driven by these strategies should not persist for long (Wright, Dunford, & Snell, 2001); therefore it is critical to identify contingency factors that may limit the extent to which adoption of an HCHR strategy at the firm-level results in the creation of greater firm human and social capital resources. While the adoption of an HCHR strategy at the firm level is easily imitated, it is more complicated to replicate the effective implementation of the policies underlying an HR strategy. Recent research suggests that there is a great deal of variability in the extent to which HCHR policies are implemented across different departments within a firm because there is a great deal of variability in the extent to which frontline leaders are capable of and motivated to implement the policies associated with a firm's HCHR strategy (Fu, Flood, Rousseau, & Morris, 2018; Nishii, Lepak, & Schneider, 2008). Thus, researchers need to identify key organizational factors that increase the likelihood that frontline leaders across the firm will consistently implement similar policies underlying a firm's HR strategy such that employees across the firm experience a similar employer-employee relationship leading to the development of greater firm-level human and social capital.

Second, scholars have argued that we can better understand resource-based advantages by identifying the underlying organizational capabilities that enable firms to mobilize, reconfigure, and deploy resources to create competitive advantage (Teece, 2012; Lepak et al., 2007). Indeed, a key tenet of the RBV perspective is the concept of organizational fit, which suggests that firms are only likely to achieve sustained competitive advantage when they have the capability to put potentially valuable resources to productive use (Hitt, Ireland, Sirmon, & Trahms, 2011; Sirmon, Hitt, & Ireland, 2007). The growing body of RBV-based strategic HR research has typically failed to address the theoretically and practically important question of when the employee-based resources that emerge from an HR strategy lead to higher firm performance (Collins & Kehoe, 2017). Therefore, to understand how an firm-level HR strategy leads to competitive advantage, researchers need to identify key organizational factors that affect when firms can effectively orchestrate the employee-based resources that emerge from an HR strategy.

Based on the extant literature on dynamic managerial capabilities, I argue that the Chief Executive Officer (CEO) of a firm is one organizational resource that can help to explain (1) the conditions that may impact frontline leaders' ability and motivation to consistently implement HCHR policies and (2) when the employee-based resources that emerge from an HCHR system are more likely to lead to competitive advantage. CEO dynamic managerial capabilities have been seen as key for understanding how firms are able to effectively acquire, develop, extend, recombine, and deploy organizational resources for higher firm performance (Adner & Helfat, 2003; Helfat & Peteraf, 2015). CEO dynamic managerial capabilities are supported by three broad underlying factors—managerial cognition, social capital, and human capital—that enable CEOs to effectively support on-going organization adaptation and the creation of short-term competitive advantage (Augier & Teece, 2009; Helfat & Martin, 2015). Specifically, managerial cognition, social capital, and human capital enable CEOs to spot external market opportunities that align with organizational resources, reconfigure and deploy these resources to pursue new market opportunities, and motivate leaders and employees to align resources to support strategic change efforts (Huy & Zott, 2019; Teece, 2012).

I first look to add to the extant literature on strategic HR by drawing on the dynamic managerial capabilities literature to explore how CEO managerial cognition, social capital, and human capital create a context that leads to more consistent implementation of a firm's HCHR strategy across managers. Specifically, I argue that these underpinnings of CEO dynamic managerial capabilities create a shared understanding of the firm's HCHR strategy and motivation to implement underlying HCHR policies across frontline leaders and that the consistent execution and deployment of HCHR policies strengthen employee perceptions of a high commitment employer-employee relationship which leads to greater collective employee human and social capital. Second, I look to contribute to the literature on strategic HR by drawing on the dynamic managerial capabilities literature to explore why some firms can more effectively put employee-based capabilities to work for competitive advantage. I challenge the current underlying assumption in the RBV approach to strategic HR research that creating potentially valuable employee-based resources should always lead to competitive advantage and higher firm performance; instead, CEO dynamic managerial capabilities are required to unlock the potential of employee-based resource. In combination, I argue that CEO dynamic managerial capabilities enhance our understanding of how and when an HCHR system can lead to competitive advantage and higher firm performance through employee-based resources (Figure 1).

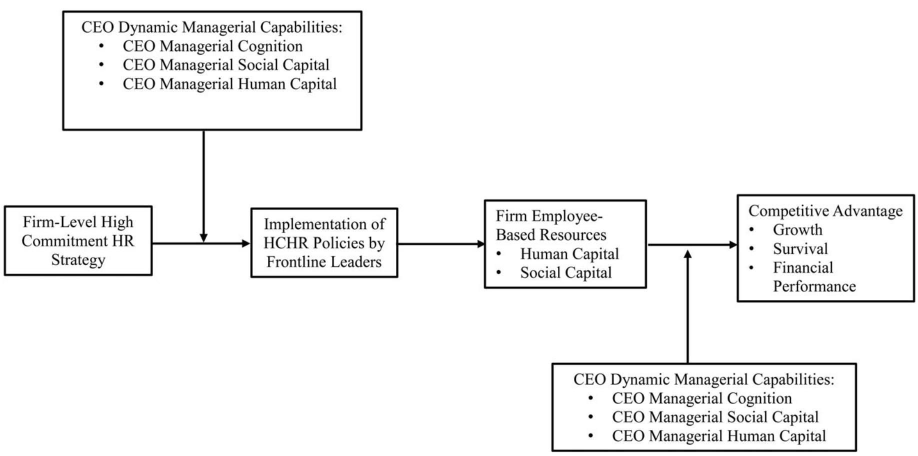

Figure 1. RBV-based model of strategic HR and CEO dynamic managerial capabilities.

Theoretical background

Resource-based model of HCHR and competitive advantage

Strategic HR researchers have focused on examining systems of HR policies that represent alternative philosophical approaches to managing employees (Jackson et al., 2014; Lepak, Marrone, & Takeuchi, 2004). The HR policies within an overarching strategy overlap and reinforce each other in manner intended to convey and reinforce a consistent signal to employees about the employer-employee relationship and provide clear guidance as to how the firm will look to develop and support employees and what the firm expects from employees in return (Bowen & Ostroff, 2004; Lepak & Snell, 1999). To date, much of the research on strategic HR has focused on HR policies (e.g. rigorous selection, high investment in employee training, employee involvement in decision making) to capture an overall philosophical approach to the employer-employee relationship, because it would be extremely difficult to assess an HR strategy at the practice level given the huge variety of potential practices that could be used to enact a specific policy (Lepak et al., 2004). Importantly, different HR strategies are composed of unique sets of mutually reinforcing HR policies which work together to communicate different messages regarding the employer-employee relationship, leading to the creation of unique employee-based resources across different HR strategies (Collins & Smith, 2006; Lepak & Snell, 1999).

HCHR is one strategic approach to managing employees that has been found to lead to competitive advantage through how it shapes the employer-employee relationship and resulting employee-based resources (Chang, Jia, Takeuchi, & Cai, 2014; Collins & Smith, 2006). The HCHR strategy emphasizes a long-term approach to the employer-employee relationship, high investment in employees, and employee involvement (Arthur, 1994; Lepak & Snell, 1999). Typical HR policies within an HCHR system include attracting and selecting employees based on fit to organizational culture and norms, high levels of investment in employee training and development, a focus on internal labor markets to provide employees career progression and growth, higher levels of pay tied to organizational performance, and higher levels of employee autonomy and involvement in decision making (Arthur, 1994; Chang et al., 2014). In return for the high investment by the company, employees are more likely to stay with the firm and invest in developing firm-specific resources (Kehoe & Collins, 2017; Lepak & Snell, 1999).

Following the RBV, scholars have argued that an HCHR strategy leads to competitive advantage by creating an internal climate that encourages employees to build and contribute human capital and social capital that can support higher levels of innovation, customer service, and operational efficiency which can underpin competitive advantage under different business strategies (Gittell, Seidner, & Wimbush, 2010; Kehoe & Collins, 2017; Takeuchi et al., 2007). In terms of employee human capital, prior research has demonstrated that the relationship between an HCHR strategy and firm performance is mediated by collective employee firm-specific experience (Batt, 2002; Kehoe & Collins, 2017), general human capital (Snell & Dean, 1992; Kehoe & Collins, 2017), and managers' perceptions of employee human capital (Takeuchi et al., 2007). In terms of social capital, prior studies have shown that an HCHR strategy is related to higher firm performance by building internal network relationships for knowledge sharing (Kehoe & Collins, 2017), and creating climates for collaboration and trust between employees (Collins & Smith, 2006).

While there is growing evidence that human and social capital are valuable employee-based resources that help to explain how an HCHR system drives higher firm performance, there are two key issues that prevent this research from addressing all of the conditions underlying the RBV. First, the research does not sufficiently address the condition of inimitability of an HR strategy and the persistence in employee-based resource differences across firms over time (Coff & Kryscynski, 2011; Lepak et al., 2007). Importantly, the adoption of an overarching company HR strategy for managing employees is easily imitated and adopted, but the consistent execution of these policies such that all employees experience them similarly is complex and not easy to replicate (Nishii & Wright, 2008; Li, Wang, Van Jaarsveld, Lee, & Ma, 2018). HR strategy inimitability is tied to the fact that frontline leaders are responsible for implementing HR policies (Fu et al., 2018; Li et al., 2018). Differences in frontline leaders' understanding of and motivation to implement these policies creates inconsistencies in how employees across a company experience a high commitment employer-employee relationship, leading to inconsistent development and retention of employee-based resources (Fu et al., 2018; Nishii et al., 2008). In order for an HCHR strategy to lead to higher firm-level employee-based resources, firms must be able to drive more consistent implementation of HCHR policies by leaders across the firm (Fu et al., 2018; Li et al., 2018). Thus, to understand why some firms develop greater levels of employee human and social capital develop based on the choice to pursue an HCHR strategy, researchers need to identify the organizational factors that increase the likelihood that leaders across the firm will implement the policies that underly this HR strategy.

Second, the extant research examining the RBV-based model of an HCHR system have failed to examine the organizational fit of the employee-based resources that develop based on the consistent implementation of HR policies despite consistent calls in the strategy literature to better understand when firms are able to put potentially valuable resources to work for competitive advantage (Barney, Ketchen, & Wright, 2011; Foss, 2011). Firms are more likely to achieve competitive advantage when they have capabilities that enable them to effectively orchestrate employee-based resources (Hitt et al., 2011; Sirmon et al., 2007) and where the rents from these resources accrue to the firm rather than the individual employees (Coff, 1997). Importantly, the effective implementation of HCHR and the emergence of potentially valuable and rare employee-based resources is not sufficient to explain how HR can lead to competitive advantage; instead, additional research is needed to explore the organizational capabilities that explain when the employee-based resources that emerge from an HCHR strategy are more likely to be put to productive use for competitive advantage.

Dynamic managerial capabilities

The dynamic managerial capabilities literature offers a theoretical perspective that helps to address both of these gaps in the RBV-based approach strategic HR. The literature on dynamic managerial capabilities has emerged to examine how a wide array of attributes and characteristics of senior leaders impact the resource advantages of organizations (Augier & Teece, 2009; Helfat & Martin, 2015). Dynamic managerial capabilities are the processes through which organizational leaders effectively acquire, develop, extend, recombine, and deploy organizational resources to drive strategic change or overcome changes in the external marketplace (Adner & Helfat, 2003; Helfat & Peteraf, 2015). CEOs have been seen as especially critical for creating, reconfiguring, and deploying organizational resources because of their position and role which influences the behavior of other leaders in the firm and puts them in control of decisions regarding resource allocation and strategic direction (Hambrick & Mason, 1984; Teece, 2012). Specifically, CEO dynamic managerial capabilities enable companies to effectively spot external market opportunities that align with organizational resources, reconfigure and deploy these resources to pursue market opportunities, and motivate employees to align resources to support strategic change efforts (Helfat & Martin, 2015; Teece, 2012).

Because the underlying processes are difficult, if not impossible, to measure in a research setting, dynamic managerial capabilities scholars have focused on assessing the personal factors and characteristics that underpin these processes (Helfat & Martin, 2015; Huy & Zott, 2019). Specifically, extant research has focused on managerial cognition, social capital, and human capital as the underpinnings of dynamic managerial capabilities. Managerial cognition has been defined as the beliefs, mental models, cognitive capabilities, and emotions that support leaders' ability to understand complex situations, identify choices in resource orchestration and reconfiguration, and take action in deploying resources to pursue opportunities (Helfat & Peteraf, 2015; Garbuio, King, & Lovallo, 2011). Managerial social capital encompasses the formal and informal relationships of leaders that enable them to gather diverse information about external opportunities, understand internal resources and capabilities, and influence others within and outside of the firm to support change efforts or new strategic directions (Helfat & Martin, 2015; Eisenhart & Martin, 2000). Managerial human capital includes the firm-specific and general knowledge, skills, and abilities developed through experiences and education that enable leaders to spot market threats and opportunities, deeply understand organizational resource advantages, and understand how to recombine existing resources in new ways (Helfat & Martin, 2015).

I focus on the role of CEOs in helping to drive the enaction of an HCHR strategy and effective utilization of employee-based resources for several reasons. First, as the primary driver of organizational culture, the behaviors exhibited by CEOs play a significant role in setting a clear tone regarding cultural norms and providing visible signals of the goals, vison, and expectations of the organization to lower level leaders (Bass, 1985; Waldman & Yammarino, 1999). Second, the decisions and actions of CEOs carry more weight than other leaders in terms of impacting organizational structure, responding to competitive pressures, and clarifying how employees in the firm should be managed (Calori, Johnson, & Sarnin, 1994). Third, as the top decision maker, other leaders within the organization are likely to look to their example when interpreting how to implement company strategies (Hambrick & Mason, 1984). Finally, given their positional power, CEOs are in the best position to reconfigure and deploy organizational resources to pursue new growth opportunities or to respond to changes in the external environment (Rosenbloom, 2000; Teece, 2012).

CEO dynamic managerial capabilities and firm employee-based resources

To understand how CEO dynamic capabilities affect the extent to which a firm-wide HR strategy leads to greater employee-based resources, it is critical to first understand how employee-based resources develop at the firm level. When an organization creates a climate where employees develop similar perceptions of the employer-employee relationship and expectations for their actions and behaviors, then employees collectively respond in ways that lead to the emergence of employee outcomes at a higher unit of analysis (Nishii & Wright, 2008; Ployhart & Moliterno, 2011). Importantly, the underlying policies supporting an HR strategy work together to create a work climate which supports a common experience and response across a larger group of employees (Bowen & Ostroff, 2004). Thus, the development of greater firm-level employee-based resources is dependent on the extent to which employees across the firm consistently experience HCHR policies (Li et al., 2018; Nishii et al., 2008).

While the choice in an HR strategy at the top of an organization provides one signal of the expected employer-employee relationship, employees are more like to respond to their perceptions of how they believe frontline leaders have enacted these policies (Fu et al., 2018; Weller, Sub, Evanschitzky, & Von Wangenheim, 2019). Because the policies of the firm-level HR strategy may not be consistently implemented by frontline leaders, employees across the firm may develop different perceptions of how they are being managed reducing the likelihood that employees across the firm will respond similarly and limiting the extent to which firm-level employee-based resources will develop (Fu et al., 2018; Nishii et al., 2008). Even when there is a clear firm-wide HR strategy in place, a great deal of variability may exist in how frontline managers implement specific policies based on their own beliefs and potential mis-interpretations of the firm-level strategy or their understanding of underlying HR policies (Jiang, Takeuchi, & Lepak, 2013; Nishii et al., 2008). Despite the increasing volume of research examining the role of frontline leaders in creating shared perceptions of the employer-employee relationship across employees, prior research has failed to address the organizational factors that increase the likelihood that frontline leaders across the firm will implement HCHR policies.

To address the above gap, I argue that CEO's play an essential role in creating consistent perceptions of HR across employees within a firm by creating more consistency in how frontline leaders enact specific HR policies that support the firm's HCHR strategy such that employees across the firms develop similar perceptions of the employer-employee relationship. CEOs are particularly important for driving consistent behaviors and enaction of strategy by frontline leaders because their behaviors and actions set a clear tone for other leaders in terms of how to behave as a leader and clarifies the organizational culture for how to treat and manage employees (Bass, 1985; Wang, Tsui, & Xin, 2011). Further, their actions and attributes carry more weight than other leaders in terms of shaping company policies and communicating strategic expectations as other leaders look to them for examples and to understand what is really important to the organization (Calori et al., 1994; Hambrick & Mason, 1984). I argue that the underpinnings of CEO dynamic managerial capabilities provide a unique perspective for understanding how an array of CEO attributes and behaviors reinforce a more consistent implementation of an HCHR strategy across frontline managers. Managerial cognition, social capital, and human capital are potentially correlated with one another (Helfat & Martin, 2015), but consistent with the literature on dynamic managerial capabilities, I examine at each of the three separately to understand how each may contribute to increasing the extent to which employees perceive and respond to a firm's HCHR strategy.

CEO managerial cognition

CEO managerial cognition has been defined in the strategy literature as the knowledge structures, mental models, attention and reasoning, and emotional regulation that play a role in how these leaders understand the world around them (Helfat & Peteraf, 2015; Walsh, 1995). These forms of automatic or deliberate mental processing enable CEOs to reliably take in and evaluate new information, develop responses, and perform the key activities of their role under different conditions (Helfat & Peteraf, 2015). Further, managerial cognitions form the building blocks that shape how CEOs behave and act and how they are seen by others (Helfat & Martin, 2015; Huy & Zott, 2019). Importantly, I argue that aspects of CEO managerial cognition can shape CEOs' approaches and behaviors in ways that may impact the likelihood that frontline leaders more consistently implement the policies of an HCHR strategy leading to the development of firm employee-based resources.

One key mental model or knowledge structure is their understanding of employees as resources and the importance of employees for strategy execution and firm success (Calori et al., 1994; Chadwick, Super, & Kwon, 2015). CEOs' emphasis on employees as a source of competitive advantage can affect the extent to which lower level managers enact practices and behaviors consistent with HCHR when managing employees. Upper-Echelon's Theory suggests that CEOs influence strategy execution by other leaders through the clear articulation and consistent messaging of firm strategy (Hambrick & Mason, 1984). Indeed, lower level managers are more likely to carry out behaviors and actions required of a particular HR strategy when they receive consistent messaging and support for the strategy from CEOs (Fenton-O'Creevy, 2001, Fu et al., 2018). CEO's who believe that employees are a strategic asset are likely to provide clear signals to lower level managers that employees are valuable and should be managed as strategic assets in ways consistent with an HCHR strategy. For example, Chadwick et al. (2015) found that middle managers are more likely to implement commitment HR policies when the CEO places a high emphasis on strategic human resource management. Thus, when frontline leaders receive strong signals about the importance of HCHR and communications about HCHR policies from the CEO, they will be more likely to implement HCHR practices consistently across the firm, leading to more employees perceiving a high commitment employer-employee relationship resulting in greater firm-level employee human and social capital.

A second key aspect of managerial cognition is the CEO's mental model for leadership (Helfat & Martin, 2015). Leaders' behaviors provide employees strong contextual cues on the employer-employee relationship, influencing employees' understanding of what to expect from the organization and what is expected of them in return (Rousseau, 1995). The behaviors and actions of the CEO provide strong signals that help frontline leaders interpret and understand the strategy (Hambrick & Mason, 1984) and the behaviors and actions expected from other organizational leaders (Sirmon et al., 2007; Wang et al., 2011). Further, because both HR strategy and CEO leadership behaviors provide signals and salient cues as to expected behaviors, work norms, and cultural expectations, the two aspects of the overall employee management system need to work synergistically in order to enhance the creation of desired employee-based resources (Bowen & Ostroff, 2004; Chuang, Jackson, & Jiang, 2016).

Transformational leadership, one of the most frequently studied forms of leadership behaviors (Colbert, Kristof-Brown, Bradley, & Barrick, 2008), is comprised of four primary behaviors—inspirational motivation, intellectual stimulation, idealized influence, and individual consideration (Bass, 1985). CEO transformational leadership behaviors signal the intent of the organization to create a high commitment employer-employee relationship with employees (Colbert et al., 2008; McClean & Collins, 2019); thus, CEO transformation leadership behaviors reinforce the messages and signals from the company's HCHR strategy to increase the likelihood that front line managers implement HCHR policies when managing employees. By modeling transformational leadership behaviors, CEO reinforce the messages of an HCHR strategy to support an environment where other leaders are more aware of and motivated to implement policies consistent with an HCHR strategy (McClean & Collins, 2019). For example, idealized influence and individual consideration behaviors demonstrate a CEO's commitment to building employee capabilities and send a strong signal to other managers within the firm that similar behaviors are expected of them (Conger & Kanungo, 1998).

In addition, CEO transformational leadership behaviors will increase frontline managers awareness of the HCHR strategy and reinforce the importance of creating a high commitment employer-employee relationship. For example, through inspirational motivation, transformational CEOs communicate higher level organizational goals and objectives to frontline leaders (Bass, 1985; Colbert et al., 2008), increasing the likelihood that frontline leaders and HR managers understand the HR strategy of the organization. CEO transformational leadership demonstrates a commitment to employee well-being, growth, and value in a way that reinforces the signals of the HCHR strategy (Weller et al., 2019) and should increase the likelihood that frontline leaders and HR managers across the firm enact practices consistent with the system. Transformational CEOs also have more high-quality exchanges with other leaders in which they more clearly articulate the principles underlying their intended HR strategy, enhancing the extent to which frontline managers will be able to identify and enact specific practices that support an HCHR strategy. Overall, by increasing the likelihood that more frontline leaders consistently and effectively implement high-commitment HR practices, CEO transformational leadership behaviors create a context where more employees will perceive and experience the intended HCHR strategy leading to the development of greater collective employee human and social capital.

> Proposition 1: CEO managerial cognition will increase the extent to which frontline leaders implement policies and practices supporting an intended company HCHR strategy resulting in higher firm-level human and social capital.

CEO managerial social capital

CEO managerial social capital is based on the formal and informal relationships that these leaders have with other individuals both inside and outside the organization that can be drawn on for goodwill and influence (Adler & Kwon, 2002; Smith, Collins, & Clark, 2005). Networks of relationships enable CEOs to influence behaviors, communicate strategic direction and intent, and gather information on the extent to which frontline leaders understand and are enacting intended strategy (Adner & Helfat, 2003; Helfat & Martin, 2015). Following this literature, I argue that there are different CEO social network attributes that enhance the likelihood frontline leaders will consistently implement HCHR policies such that more employees perceive the existence of a high commitment employer-employee relationship leading to the development of firm-level human and social capital.

First, large and broad internal network ties enhance the ability of CEOs to widely communicate strategic intent (Adler & Kwon, 2002;

Burt, 1992). CEOs with large networks who are connected to a wide range of leaders across the firm will be better able to widely communicate the value and intentions of an HCHR strategy. Specifically, CEOs with larger networks will have greater direct access to frontline leaders (Adler & Kwon, 2002), enabling these CEOs to communicate the intent and value of an HCHR strategy directly with those leaders responsible for enacting underlying policies. Large and broad network connections will enable CEOs to reinforce the importance of the HR strategy and effectively communicate specific and detailed information about intended HR policies across a wide of range leaders which should lead to more consistent implementation and execution of the intended HCHR strategy across the firm (Chadwick et al., 2015). Thus, CEO with large and broad internal networks directly enhance the likelihood that frontline leaders adopt and implement HCHR policies to manage their direct reports.

Second, the strength of a CEO's ties to other leaders in the firm affects the extent to which these other leaders implement the policies underlying an HCHR system. Strong ties have been defined as network relationships that are characterized by high levels of connection, trust, and reciprocity (Adler & Kwon, 2002; Burt, 1992). Strong ties enhance the ability of CEOs to influence the behaviors of others and to draw on these relationships to gather information and knowledge (Adler & Kwon, 2002; Smith et al., 2005). Thus, CEOs with strong ties to frontline leaders can draw on these relationships to influence these leaders to implement the intended HR strategy, increasing the likelihood that the employees managed by these leaders will experience a high commitment employer-employee relationship. Because of the trust inherent in strong ties, CEOs can also collect accurate information about the extent to which other leaders understand and are enacting practices and actions tied to an organizational strategy (Adler & Kwon, 2002). The combination of trust and influence inherent in strong ties enables CEOs to gather information on the extent to which an HCHR strategy is being implemented and provide corrective advice to their contacts when the HCHR strategy is not being effectively implemented. Taken collectively, these arguments suggest that large and broad CEO networks characterized by strong ties increase the extent to which a company's HCHR strategy is consistently implemented by frontline leaders increasing the extent to which more employees perceive the existence of a high commitment employer-employee relationship and respond by developing firm-specific human and social capital.

> Proposition 2: CEO managerial social capital will increase the extent to which frontline leaders implement policies and practices supporting an intended company HCHR strategy resulting in higher firm-level human and social capital.

CEO managerial human capital

CEO managerial human capital has been conceptualized as the combined skills and knowledge developed through experiences and education (Helfat & Martin, 2015). Following existing research, I argue that CEO managerial human capital affects the extent to which frontline leaders across the organization consistently implement HR policies that reflect a firm-wide HCHR strategy. First, the level of experience and education of the CEO can provide signals regarding the extent to which the firm values these factors in its employee population and for organizational performance, positively impacting the extent to which other leaders implement HCHR policies across the firm. For example, in companies that have promoted a CEO with high levels of prior experience in the company, frontline leaders receive a strong confirmation of the underlying value of internal labor markets and career growth signaled by an HCHR strategy, increasing the extent to which they apply similar HCHR policies with their own direct reports. Further, longer organizational tenure, internal succession, and higher levels of education for the CEO provide clear signals to frontline managers that reinforce the importance of practices such as investments in employee development and learning and promoting their own talent that are part of the HCHR strategy. In fact, these CEO attributes may be the most visible signals to frontline managers that the company is serious about high investment in employees, influencing them to more consistently execute high investment HR policies.

Additionally, longer tenured CEOs tend to have more stability in strategic directions and choices on supporting internal structures, whereas CEOs who are relatively new to their role often look to pursue new initiatives, structures, and actions to shake up the organization or demonstrate their capability for leadership (Luo, Kanuri, & Andrews, 2014; Wu, Levitas, & Priem, 2005). In the context of enacting an HR strategy, CEOs with less tenure are likely to attempt to change the HR strategy and send new signals about what is valued regarding the employer-employee relationship which is likely to confuse frontline managers as to what is expected of them (Baron, Hannan, & Burton, 1999). In contrast, the longer a CEO has been in place, the more likely they are to have decided on a path regarding strategy resulting in consistent messaging and signaling as to the firm's strategic direction and underlying required actions (Baron et al., 1999). Consistent strategic intention, decision-making, and behaviors by CEOs reinforce the value and intention of a company's HCHR strategy leading to more consistent implementation of HCHR policies across leaders increasing the extent to which employees will perceive the presence of a high commitment employer-employee relationship and the development of greater firm-level employee human and social capital.

> Proposition 3: CEO managerial human capital will increase the extent to which frontline leaders implement policies and practices supporting an intended company HCHR strategy resulting in higher firm-level human and social capital.

CEO dynamic managerial capabilities and utilization of employee-based resources

While it is important to understand the conditions that increase the likelihood that a firm's HR strategy leads to the development of potentially valuable employee-based resources, it is equally important to understand the conditions that enhance the ability of firms to put employee-based resources to productive use for competitive advantage (Greer, Lusch, & Hitt, 2017; Hitt et al., 2011). From this perspective, attracting, developing, and retaining valuable employee-based resources is necessary, but insufficient, for creating competitive advantage; firms must also be able to coordinate and deploy these resources effectively in order to achieve competitive advantage (Eisenhart & Martin, 2000; Kor & Mahoney, 2005). Thus, to fully understand how an HCHR strategy can lead to organizational competitive advantage, scholars must also identify key organizational capabilities that enable effective orchestration of the employee-based resources that emerge from an HR system. Examining resource orchestration is particularly important in the context of employee-based resources because these resources are tied to individual employees and, thus, are more complex for organizations to coordinate and deploy in a manner that leads to competitive advantage (Coff, 1997; Hitt et al., 2011).

Given their positional power, overall firm strategic responsibilities, and key role in strategic decision making, CEOs are the best positioned organizational leaders to effectively orchestrate and deploy collective employee-based resources for firm competitive advantage (Greer et al., 2017; Hitt et al., 2011). CEOs play a key role in identifying how to effectively manage, bundle, and deploy resources in order to ensure firms can put these resources to productive use and sustain resource advantages over a period of time (Eisenhart & Martin, 2000; Kor & Mahoney, 2005). Further, CEOs play a critical role in spotting external opportunities and reconfiguring resources to create competitive advantages for growth and survival (Adner & Helfat, 2003). They are also critical for identifying resource complementarities and new resource combinations to that lead to new organizational growth opportunities (Augier & Teece, 2009; Eisenhart & Martin, 2000). Finally, CEOs directly impact the extent to which firms can put employee-based resources to productive use by effectively communicating change efforts and building leader and employee commitment to direct resources in support of the change (Eisenhart & Martin, 2000).

CEO managerial cognition

As noted above, CEO managerial cognition has been defined in the strategy literature as the knowledge structures, mental models, attention and reasoning, and emotions that play a role in how these leaders understand the world around them (Helfat & Peteraf, 2015; Walsh, 1995). In the context of resource orchestration, managerial cognition enables CEOs to recognize and sense opportunities, reflect and problem solve to identify ways to seize market opportunities, and effectively communicate with and influence leaders and employees in order to recombine resources to carry out new strategies or overcome resistance to change (Eisenhart & Martin, 2000; Helfat & Peteraf, 2015). Indeed, prior research suggests that CEO managerial cognition may be critical for the effective orchestration of employee-based resources.

First, CEOs' knowledge structures impact the extent to which they can effectively identify opportunities or understand how existing resources can be applied to overcome disruptions or pursue growth (Helfat & Martin, 2015). For example, CEO resource schemas—how senior leaders understand resources and their potential application—impact the ability of firms to understand how resources could be applied in new ways to overcome disruption in their business environment (Danneels, 2011). In the context of employee-based resources, CEOs likely face a large challenge in developing a comprehensive and representative schema of their firms' human and social capital resources because these employee-based resources are embedded within individual employees and are widely dispersed across the organization making them hard to track (Coff, 1997; Coff & Kryscynski, 2011). Importantly, CEOs who have developed a more complete schema of existing employee-based resources will be better able to understand how to deploy these resources more effectively or in new ways to create new sources of competitive advantage and pursue new growth opportunities (Greer et al., 2017; Hitt et al., 2011).

Second, leadership behaviors impact the ability of CEOs to effectively redeploy employee-based resources during times of change or to pursue new growth opportunities (Wang, Holmes, Oh, & Zhu, 2016). Further, there is evidence that transformational CEOs impact the ability of the firm to deploy, reconfigure, and motivate employees to apply their human and social capital towards new strategic directions or overcome external marketplace disruptions. For example, Huy and Zott (2019) found evidence that, through open dialogue with employees and showing support and consideration for employees, leaders can effectively mobilize the human and social capital of employees. Importantly, these behaviors match with two of the dimensions of transformational leadership (i.e. vision setting and individualized concern). In addition, CEO vision setting and idealized influence behaviors help to create a line of site for both frontline leaders and employees so that they better understand organizational strategic direction and how their behaviors and actions should align to help support a change in strategic direction (Colbert et al., 2008). Thus, by clearly communicating their vision and goals, CEOs can help leaders and employees to apply their human and social capital in ways that align with new tasks or activities required to pursue new directions.

In addition, CEO's intellectual stimulation and consideration behaviors toward other leaders and employees help to create safe environments for employees to experiment with new ideas and approaches and thereby uncover novel ways of attaining organizational goals (Colbert et al., 2008). When CEOs create an environment of psychological safety by exhibiting intellectual stimulation and consideration behaviors, leaders and employees will be more willing to contribute their knowledge and insights and become more creatively engaged in work (Edmondson, 1999). Thus, CEOs who exhibit intellectual stimulation and consideration behaviors create an environment where leaders and employees are more aware of changes in strategy, more motivated to apply their human and social capital to support this change, and more motivated to apply their human and social capital to pursue new ideas that could support organizational growth.

Proposition 4: CEOs' managerial cognition affects the ability of firms to effectively orchestrate employee-based resources for competitive advantage.

CEO managerial social capital

As noted above, CEO managerial social capital has been defined as the goodwill and influence derived from the leader's internal and external relationships (Adler & Kwon, 2002). CEO managerial social capital is important for enabling them to spot and pursue external market opportunities, understand current organizational resources and how they can be deployed to pursue new opportunities, and communicate and influence employees in order to direct resources against change initiatives (Helfat & Martin, 2015). Further, there is some limited initial evidence to support the notion that different aspects of CEO's social capital networks enable CEOs to more effectively deploy resources for competitive advantage. CEO social capital may be particularly critical for understanding why some firms are more capable of identifying and effectively deploying employee human and social capital for competitive advantage and new growth.

CEO external networks that are large, broad, and characterized by strong ties can help to support effective resource utilization. For example, CEOs with more network ties drawn from a broader array of external relationships can access diverse and unique knowledge bases that help to provide insights into new market opportunities or potential oncoming challenges (Helfat & Martin, 2015; McDonald & Westphal, 2003). Similarly, strong ties to a range of external experts create trust and motivation for those contacts to share unique information or knowledge that enhances the ability of CEOs to spot and understand the resource requirements of new opportunities (Helfat & Martin, 2015). Thus, ties to other leaders and actors outside of the firm give CEOs greater capability to identify new entrepreneurial opportunities against which they can deploy existing employee-based resources for growth and create new forms of competitive advantage in the marketplace.

CEO internal relationships and network ties are also critical for supporting the effective reconfiguration, mobilization, and deployment of employee-based resources to support competitive advantage. For example, large and broad internal network ties enhance the ability of CEOs to widely communicate information, increasing the likelihood that leaders across the organization are aware of strategic changes and realign the human and social capital in their department against this change (Helfat & Martin, 2015). Further, CEO strong ties to other leaders enhance the level of trust and willingness of these leaders to share information with the CEO (Adler & Kwon, 2002), enabling CEOs to understand, shape, and apply employee-based resources. Specifically, CEOs with strong internal ties will have great ability to gather information and develop a deeper understanding of where employee-based resources exist within the organization (Helfat & Martin, 2015). Further, based on the trust and reciprocity inherent in strong ties, leaders and employees are more willing to redirect their own human and social capital to support new directions communicated by the CEO. Thus, CEOs with large and broad internal networks characterized by strong ties have a greater understanding of the location and potential value of employee-based resources and more effectively communicate strategic directions to motivate other leaders and employees to apply their human and social capital to pursue new opportunities.

> Proposition 5: CEOs' managerial social capital affects the ability of firms to effectively orchestrate employee-based resources for competitive advantage.

CEO managerial human capital

CEO managerial human capital enhances the ability of firms to more effectively utilize physical, financial, and human resources for competitive advantage (Greer et al., 2017; Sirmon et al., 2007). Importantly, CEOs' human capital affects their ability to spot market trends and opportunities in the marketplace and deploy organizational resources to take advantage of these opportunities (Hitt et al., 2011; Greer et al., 2017). In addition, CEOs with higher levels of firm-specific human capital are better able to identify, locate and understand existing employee-based resources (Sirmon et al., 2007) and effectively redeploy or reconfigure these resources to create new organizational capabilities for growth (Eisenhart & Martin, 2000; Helfat & Peteraf, 2015). Prior research has linked multiple measures of CEO managerial human capital to resource orchestration.

First, greater firm-specific experience increases tacit knowledge of and understanding of existing resources, enabling CEOs to more effectively organize and recombine resources for competitive advantage (Kor & Mahoney, 2005; Luo et al., 2014). Higher levels of firm-specific work experience enable CEOs to develop deeper insights on market patterns and identify how to leverage organizational resources to pursue opportunities or mitigate threats (Carpenter, Geletkanycz, & Sander, 2004; Luo et al., 2014). Firm-specific experience may be particularly important with respect to employee-based resources because these resources are captured in the minds and relationships of employees, making them more complex to understand and manage (Coff, 1997). Greater knowledge of where unique employee human and social capital sits within the firm provides CEOs with insights on where to leverage knowledge and understanding to support a growth initiative or where to connect employees with unique knowledge to foster novel combinations of knowledge to drive innovation (Luo et al., 2014; Smith et al., 2005). Greater firm-specific experience also provides CEOs with the insights to more effectively deploy and coordinate employee's social capital against current or new strategic directions (Hitt et al., 2011).

Second, CEOs' industry-specific experience is critical for resource orchestration (Helfat & Martin, 2015). Greater industry-specific experience increases the ability of CEOs to sense opportunities and threats in the external environment and restructure organizational resources in response (Luo et al., 2014). CEOs with greater industry-specific experience are also more likely to understand how to reconfigure existing employee-based resources to respond to market opportunities that they have spotted in the external environment. Specifically, accumulated industry experience gives CEOs insights on past changes and competitor responses in the marketplace enabling them to identify and develop more effective resource reconfigurations to overcome market challenges (Cohen & Levinthal, 1990; Carpenter et al., 2004).

Finally, CEOs' formal education has been linked to their ability to effectively identify and deploy resources. For example, education provides a unique set of knowledge and insights that enhance executives' abilities to evaluate organizational resources and understand their usefulness for pursuing market opportunities (Hitt et al., 2011). In particular, formal education enhances leaders' absorptive capacity for integrating new internal and external experiences to which they are exposed (Cohen & Levinthal, 1990) enabling them to understand the potential of resources and how they may fit together in new ways for competitive advantage (Carpenter et al., 2004). Education also enhances CEO's learning orientation (Wang et al., 2016) enabling leaders to potentially see existing employee-based resources in new ways or identify new market opportunities that are a fit to the existing human and social capital resources of the organization (Helfat & Martin, 2015).

Proposition 6: CEOs' managerial human capital affects the ability of firms to effectively orchestrate employee-based resources for competitive advantage.

Discussion

In this paper, I contributed to the literature on the RBV-based model of strategic HR by incorporating recent research to address to two key shortcomings in the extant strategic HR literature. As noted above, strategic HR research has typically failed to address (1) why there are persistent employee-based resource differences across firms that adopt the same HR strategy and (2) why some firms are better able to leverage employee-based resources for competitive advantages. I argued that CEOs play a unique and critical role in explaining firm differences in organizational resource creation and orchestration. Specifically, I drew on the extant literature on dynamic managerial capabilities to help add to our understanding of (1) when an intended HCHR strategy is more likely to lead to greater firm-level employee human and social capital and (2) when organizations are more likely to put these employee-based resources to productive use for competitive advantage.

First, I argued that the underpinnings of CEO dynamic managerial capabilities—managerial cognition, social capital, and human capital—play a critical role in increasing the likelihood that employees across the firm consistently experience and perceive an intended HCHR strategy and the development of greater firm-level human and social capital. CEO managerial cognition, social capital, and human capital send signals directly to frontline leaders about the intended firm HCHR strategy and motivates these leaders to implement HR policies consistent with this strategy. Further, these underpinnings of CEO dynamic managerial capabilities work to signal to frontline leaders the importance of employee resources and reinforce the signals and messages of a firm-level HCHR strategy. By reinforcing and supporting the HCHR strategy, CEO managerial cognition, social capital, and human capital will increase the consistency with which frontline leaders implement HCHR policies across employees in the organization, leading to more employees developing perceptions of the presence of a HCHR system and high-commitment employer-employee relationships leading to the development of greater firm-level employee human and social capital. Thus, this paper contributes to the literature on strategic HR by articulating how one key organizational resource (CEO dynamic managerial capabilities) enhance the extent to which adoption of a firm-wide HCHR strategy leads to greater firm-level employee human and social capital.

Second, I drew on the extant literature on dynamic managerial capabilities to explicate how CEO managerial cognition, social capital, and human capital help us to understand when the employee-based resources that emerge from an HCHR system are more likely to be effectively put to use to create competitive advantage. Specifically, I argued that CEO managerial cognition, social capital, and human capital enable organizations to more effectively spot and identify the location and nature of employee-based resources and then to pursue new growth opportunities that are a fit for the firm-level employee human and social capital that emerge from an HCHR system. Further, these underpinnings of CEO dynamic managerial capabilities enable firms to motivate leaders and employees to apply human and social capital to support organizational strategic objectives and growth opportunities. Thus, this paper adds to the literature on strategic HR by outlining how one key organizational resource enhances the orchestration of employee-based resources for competitive advantage.

Future research implications

The dynamic managerial capability perspective is valuable for helping to explicate how and when an HCHR system may lead to competitive advantage, and this expanded RBV-based model of strategic HR opens up multiple directions for future research that can enhance our understanding of the relationships between HR strategies and competitive advantage. First, although I draw on extant theoretical and empirical literatures, I found little to no empirical research that has directly tested the propositions in this paper. For example, new empirical work should examine the predicted interactions between HCHR strategy and CEO dynamic managerial capabilities and the development of greater firm-level employee human and social capital. Empirical work on the role of CEOs in orchestrating employee-based resources can also add to the extant strategy literatures on dynamic managerial capabilities and resource orchestration because, while there is some work examining the role of CEOs in orchestrating physical and financial resources, there is little to no work that has empirically examined when firms can orchestrate employee-based resources for competitive advantage.

Second, this expanded RBV-based model of strategic HR should help to inform and drive additional research on the role of leaders in HR strategy execution and the orchestration of the employee-based resources that emerge from the effective implementation of an HR strategy. The dynamic managerial capabilities framework offers a unique unifying perspective for strategic HR scholars to simultaneously examine a wide range of CEO characteristics and behaviors to more completely understand how these senior leaders can impact the implementation of an HR strategy and the effective deployment of the employee-based resources that emerge from an HR strategy. The nature of the relationship between CEOs and organizational outcomes is complex because a wide array of their leadership attributes, characteristics and behaviors may simultaneously affect resource creation and orchestration through different theoretical mechanisms (Helfat & Martin, 2015). Thus, the dynamic managerial capabilities framework offers a unique perspective for HR scholars to simultaneously identify and investigate a wide range of leadership factors that influence the effectiveness of HR strategies. Research in this direction seems important because prior strategic HR research has largely ignored CEOs when trying to explain how and when HR strategies potentially lead to competitive advantage despite the theoretical importance of these top leaders for strategy implementation and resource orchestration.

In addition while I chose to focus on CEOs, the dynamic managerial capabilities framework can also provide a unique unifying perspective to examine how other firm leaders may play a critical role in understanding when HR strategies lead to firm-level employee-based resources and when firms can effectively utilize these resources. In particular, as firms grow larger and begin to pursue multiple business strategies across multiple divisions or geographic regions, it is likely that these firms will start to pursue different business strategies and HR strategies across units. This increased organizational complexity might limit the potential impact of CEO dynamic managerial capabilities as they become further removed from influencing HR strategy execution and making decisions regarding resource orchestration. In these larger and more complex firms, the dynamic managerial capabilities of divisional or regional leaders may be critical for understanding how units can effectively implement their unique HR strategy or how units can effectively orchestrate the employee-based resources that emerge from these business unit HR strategies. Future research should look at the extent to which organizational size and complexity reduces the impact of CEO dynamic managerial capabilities. In addition, future research should also theoretically and empirically explore the role of other leaders in helping to enhance the implementation of an HCHR strategy to shape the development of employee-based resources and to enhance the extent to which firms can effectively recombine and deploy these resources for competitive advantage. Further, it would seem valuable for future research to examine the conditions under which CEO and mid-level manger dynamic managerial capabilities have relatively more or less impact on the development and deployment of employee resources.

Third, future research should also examine dynamic managerial capabilities of CEOs and other senior leaders in the context alternative HR strategies. As noted above, different HR strategies draw on different arrays of HR policies that should shape unique organizational climates and the emergence of unique sets of employee-based resources. Thus, future research should examine how specific aspects of managerial cognition, social capital, and human capital may work to support the effective implementation of alternative HR strategies to create unique firm-level employee-based resources. Additionally, scholars should also examine how specific dynamic managerial capabilities might moderate the impact of the unique forms of employee-based resources that emerge from these alternative HR strategies.

Finally, the expanded RBV-based model of strategic HR that I present in this paper should also encourage researchers to examine other organizational resources and contextual factors that may affect when a particular HR strategy is more likely to lead to the development of employee-based resources and when these resources will be more likely to lead to competitive advantage. Beyond dynamic managerial capabilities, firms also have unique mixes of other tangible and intangible resources that may impact the extent to which HR strategies can be effectively implemented or the extent to which the resources that emerge from these strategies can be effectively orchestrated to support competitive advantage. For example, future research should also examine a wider array of organizational factors beyond CEO dynamic managerial capabilities (e.g. firm slack, information systems, organizational brands) that may impact the extent to which an HR strategy may be implement and lead to the development of firm-level employee-based resources. Further, future research should explore how the relationship between employee-based resources and competitive advantage may also be affected by the extent to which these resources are a fit to other organizational factors besides CEO dynamic managerial capabilities (e.g. the strategic direction of the firm, customer expectations, and the competitive characteristics of the industry in which the firm competes).

Conclusion

In conclusion, this work provides several implications for strategy and strategic HR scholars by expanding our understanding of when an HR strategy is likely to lead to competitive advantage. Specifically, I address two key unanswered questions underling the RBV-based perspective on strategic HR that have not been effectively explained or examined in prior research. First, by drawing on the dynamic managerial capabilities literature, I have offered a theoretical perspective to explain how CEO managerial cognition, social capital, and human capital enhance the likelihood that an HCHR strategy will be more widely and consistently implemented by frontline leaders to increase the development of firm-level employee human and social capital. Second, I have offered a theoretical perspective to help explain how CEO dynamic managerial capabilities impact the extent to which firms can effectively orchestrate the employee-based resources that emerge from an HCHR strategy for competitive advantage. Finally, this expanded RBV-based model of strategic HR offers a unique perspective to help strategic HR researchers begin to more comprehensively explore how leaders and other organizational factors and resources may impact the effectiveness of HR strategies.

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