



CONFERENCE PROGRAM



In partnership with



Università Commerciale
Luigi Bocconi

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**JOIN
THE
CONVERSATION**
#SMSMilan2017



@Strategic_Mgmt



Group: Strategic Management Society



Channel: Strategic Management Society





Russell Coff
University of Wisconsin-Madison
Program Co-Chair



Dear Colleagues:

We are thrilled to welcome you to the SMS Special Conference in Milan!!

The conference theme, "Strategic Human Capital, Management Practices and Performance," has generated many first class submissions that draw our attention to the role of human resources, management practices (including HR practices and organizational design), and their interaction in generating persistent performance differentials. The submissions reflect recent advances concerning strategic human capital, microfoundations, important breakthroughs in measurement (e.g., increased use of microdata) and research methods (multilevel methods, identification) and the emergence of organization design.

The conference's four-track program features over 215 scholars from around the globe. In addition, there are six attractive plenary sessions—which feature top-flight speakers and a doctoral consortium. These keynote speakers and contributors hold the promise of significantly enhancing our understanding of the causes and consequences of human capital-based advantages in a variety of settings.

The city of Milan, Italy's financial center and second-most populous city, is a thriving cosmopolitan business capital with more than 26 centuries of history and heritage. Landmark sights include the Duomo, one of the grandest Gothic cathedrals in the world; La Scala, one of the world's best known opera houses; the Galleria Vittorio Emanuele, a glamorous arcaded shopping gallery; the San Siro, a huge and famed stadium; and the World Heritage Site Santa Maria delle Grazie Basilica, with one of the world's most famous paintings: Leonardo da Vinci's The Last Supper. Milano is the most modern of Italian cities and is a paradise for shopping, soccer, opera, and nightlife, and remains the marketplace for Italian fashion.

The conference will be held at Bocconi University/Università Commerciale Luigi Bocconi, the leading university in Italy. Bocconi's Department of Management & Technology is renowned worldwide for high quality research and teaching.

We are grateful for the support of Bocconi University, and wish to express our appreciation to the several colleagues who have volunteered to serve as track directors, workshop organizers, panelists, and reviewers. Our appreciation also extends to Nicola Scalzo who provided expert logistical assistance for us (and excellent food for you). We would also like to recognize Andrea Schmidl as well as the rest of the SMS Executive Office team whose assistance has been invaluable in developing this conference.

A very warm welcome to Italy!

Russ Coff
Nicolai Foss
Alfonso Gambardella
Pat Wright



Nicolai Foss
Bocconi University
Program Co-Chair



Alfonso Gambardella
Bocconi University
Program Co-Chair



Patrick Wright
University of South Carolina
Program Co-Chair



Dear Conference Participant:

We bid you a warm welcome to our Special Conference in Milan, Italy. We are very happy to have you with us!

Many advances have been made in our understanding of how resources and capabilities contribute to firm performance, but there are fundamental gaps concerning the role for performance of human resources, management practices (including HR practices and organizational design), and their interaction. This conference will address these gaps. Recent advances concerning strategic human capital, microfoundations, important breakthroughs in measurement (e.g., increased use of microdata) and research methods (multilevel methods, identification) and the emergence of organization design suggest that we may increasingly be well-equipped to grapple with the role for performance of human resources and management practices. The conference will stimulate a dialogue between strategic management scholars, human resource management scholars, economists, and others working on these issues.

In contrast to the SMS Annual Conference, Special Conferences provide a smaller forum for discussion and debate, thus allowing a more in-depth examination of a specific topic. They also offer opportunities for members to meet and collaborate in smaller group settings. This conference in particular also provides us with the opportunity to explore the beautiful city of Milan.

We would like to take this opportunity to thank those instrumental in organizing this conference. This event would not be a reality without the hard work of the other Program Chairs Nicolai Foss, Alfonso Gambardella, and Pat Wright. We would also like to extend our appreciation to Bocconi University for hosting this event with us and inviting us to their beautiful campus.

We hope that you have an enlightening and gratifying experience at our conference. Please enjoy your stay in Milan!

Russell Coff
President

Nikolaus Pelka
Executive Director



A Professional Society for the Advancement of Strategic Management

The Strategic Management Society (SMS) is unique in bringing together the worlds of reflective practice and thoughtful scholarship. The Society focuses on the development and dissemination of insights on the strategic management process, as well as on fostering contacts and interchange around the world. The SMS is membership-based and was founded at an inaugural meeting in London in 1981. Today, it enjoys the support of over 3,000 members representing over 1,300 institutions and companies in over 80 countries. Our activities are made possible through the dedicated support from hundreds of individuals who take on a variety of responsibilities, volunteering their time and expertise.

CONFERENCES

The SMS holds several conferences throughout the year, broadening and developing the field of Strategic Management. Each conference explores a unique and current theme in the field and brings together leading scholars and experts from around the world. These conferences allow the opportunity for both young and senior scholars to present their research and receive feedback to develop this area of academia, as well as their careers. We are also proud to host workshops along with our conferences to allow more in-depth discussion and research development for our scholars.

RESEARCH FUNDING

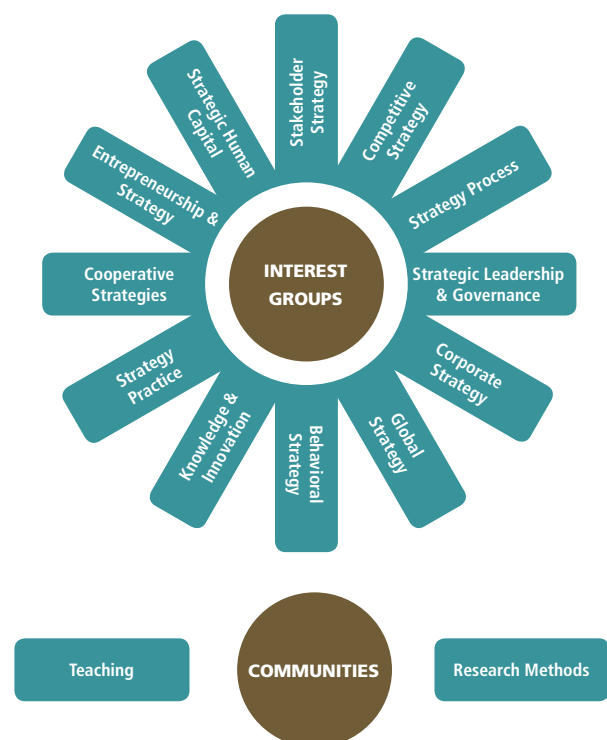
The SMS has developed a grant program, the SRF, to cultivate and encourage scholars' research in the field of strategic management. These programs are motivated by a belief that this area of study will benefit from an entity devoted to supporting research that advances its concepts, theory, and practice. Recipients of these grants are selected through a competitive review process. The current grant programs target students in the midst of their dissertation research and scholars working within organizations to connect research and practice in a more fundamental way.

SCHOLAR AWARDS AND HONORS

The SMS has developed several award programs to recognize and honor those who have made significant contributions to the theory and practice of strategic management. Through these programs, the SMS distinguishes emerging scholars in the field, business leaders that have demonstrated strategic leadership and innovation, articles published that have notable impact in the field, and authors of outstanding academic work submitted to a conference. Each of these awards is targeted toward people and research that move the study of strategic management forward.

PUBLICATIONS

The SMS is proudly involved with Wiley in the publication of leading journals that have been vital tools for the benefit of researchers and practitioners in the field for more than 3 decades. The *Strategic Management Journal* (SMJ) has been the official journal of the Strategic Management Society since its inception in 1980. This Class A journal is consistently rated one of the top publications in the management area. We also offer two quarterly journals, the *Strategic Entrepreneurship Journal* (SEJ) and the *Global Strategy Journal* (GSJ). Though still young, it is our firm intent for them to promote the development and dissemination of advances in the field by maintaining the highest standards of intellectual thought combined with practical relevance.



SMS INTEREST GROUPS AND COMMUNITIES (IG&C) The primary purpose of the Interest Groups and Communities within the SMS is to act as a catalyst for building and disseminating new ideas in research, practice, and teaching around a set of core issues in strategic management. Each IG&C recognizes a major, individual stream of practice and research interest, and aims to serve the needs of members with special interests in this stream of work. During each Annual Conference, the IG&Cs each foster a competitive track of research proposals, as well as several issue specific sessions and workshops to cultivate new research in the field.

UPCOMING CONFERENCES



CONFERENCE POLICIES

Recommended Dress

Business casual attire is recommended for all conference sessions.

Thursday and Friday Evening Events

The dress for these events is business casual & conference name badges are required for entrance into the event.

Name Badges

Name badges must be worn by attendees and guests at all times. Your name badge will be your ticket to luncheons and evening events. Access to these functions will be denied if you are without your name badge.

No Smoking Policy

In consideration of all attendees, we request that there be no smoking during all sessions and meal functions.

ANNUAL CONFERENCES

2016	BERLIN
2015	DENVER
2014	MADRID
2013	ATLANTA
2012	PRAGUE
2011	MIAMI
2010	ROME
2009	WASHINGTON DC
2008	COLOGNE
2007	SAN DIEGO
2006	VIENNA
2005	ORLANDO
2004	PUERTO RICO
2003	BALTIMORE
2002	PARIS
2001	SAN FRANCISCO
2000	VANCOUVER
1999	BERLIN
1998	ORLANDO
1997	BARCELONA
1996	PHOENIX
1995	MEXICO CITY

1994	PARIS
1993	CHICAGO
1992	LONDON
1991	TORONTO
1990	STOCKHOLM
1989	SAN FRANCISCO
1988	AMSTERDAM
1987	BOSTON
1986	SINGAPORE
1985	BARCELONA
1984	PHILADELPHIA
1983	PARIS
1982	MONTREAL
1981	LONDON

RECENT SPECIAL CONFERENCES

2016:	HONG KONG
	Contextualizing Strategic Management in Asia: Institutions, Innovation and Internationalization
2016:	ROME, ITALY
	Strategy Challenges in the 21st Century: Innovation, Entrepreneurship and Competition

2015:	ST. GALLEN, SWITZERLAND
	Rethinking Corporate Headquarters: Innovative Approaches for Managing the Multi-Divisional Firm
2015:	SANTIAGO, CHILE
	From Local Voids to Local Goods: Can Institutions Promote Competitive Advantage?
2014:	SYDNEY, AUSTRALIA
	Strategic Management in the Asian Century: Dealing with Dynamism, Diversity and Development
2014:	COPENHAGEN, DENMARK
	Micro-Foundations for Strategic Management Research: Embracing Individuals
2014:	TEL AVIV, ISRAEL
	Startup and Restart Strategies
2013:	MOHALI, INDIA
	Strategic Leadership: An Emerging Market Perspective
2013:	GLASGOW, SCOTLAND
	Strategy in Complex Settings
2013:	LAKE GENEVA, SWITZERLAND
	Strategizing Practices from the Outliers: Enabling "Big Bang" Innovations

2012:	GUANGZHOU, CHINA
	Competing and Cooperating in and for China
2012:	SINGAPORE
	Globalisation Of Innovation Strategies: Novel Moves for a Global Game
2011:	SAN DIEGO, USA
	CK Prahalad: Reaching Over Boundaries and Expanding Possibilities
2011:	RIO DE JANEIRO, BRAZIL
	Latin America's Burgeoning Strategic Role in Global Development
2010:	LAPLAND, FINLAND
	Intersections of Strategy Processes and Strategy Practices
2008:	HYDERABAD, INDIA
	Emerging India: Strategic Innovation in a Flat World
2007:	CATANIA, ITALY
	New Frontiers in Entrepreneurship: Strategy, Governance and Evolution



The individuals listed below worked with the Conference Track Chairs Sharon Belenzon, Steven Boivie, Massimo Colombo, Michael Dahl, Martin Ganco, Rebecca Kehoe, Nils Stieglitz, and Heli Wang to review proposals for the conference. We appreciate and gratefully recognize the amount of time and effort spent making this a successful event.

Joel Andrus <i>Texas A&M University</i>	Gina Dokko <i>University of California, Davis</i>	Thorbjørn Knudsen <i>University of Southern Denmark</i>	Børge Obel <i>Aarhus University</i>	Jana Thiel <i>ETH Zurich</i>
Ilgaz Arikian <i>Kent State University</i>	Rory Eckardt <i>Binghamton University</i>	Kalin Kolev <i>Marquette University</i>	Tomasz Obloj <i>HEC-Paris</i>	Bram Timmermans <i>Norwegian School of Economics</i>
Jeffrey Arthur <i>Virginia Tech</i>	Frances Fabian <i>University of Memphis</i>	Ryan Krause <i>Texas Christian University</i>	Abbie Oliver <i>University of Georgia</i>	Li Tong <i>Singapore Management University</i>
Frederick Bentley <i>Rutgers University</i>	Caroline Flammer <i>Boston University</i>	David Kryscynski <i>Brigham Young University</i>	Oleg Petrenko <i>Texas Tech University</i>	Bart Vanneste <i>University College London</i>
Carsten Bergenholtz <i>Aarhus University</i>	Justin Frake <i>University of Maryland</i>	Elena Kulchina <i>Duke University</i>	Lamar Pierce <i>Washington University in St. Louis</i>	Guoguang Wan <i>Hong Kong University of Science and Technology</i>
Y Sekou Bermiss <i>University of Texas at Austin</i>	Daniel Gamache <i>University of Georgia</i>	Pasi Kuusela <i>University of Zurich</i>	Evila Piva <i>Polytechnic University of Milan</i>	Justin Webb <i>University of North Carolina at Charlotte</i>
Matthew Bidwell <i>University of Pennsylvania</i>	Pranav Garg <i>Indian Institute of Management Bangalore</i>	Daniella Laureiro-Martínez <i>ETH Zurich</i>	Nicholas Poggioli <i>University of Minnesota</i>	Georg Wernicke <i>Copenhagen Business School</i>
Stephan Billinger <i>University of Southern Denmark</i>	Orsola Garofalo <i>Copenhagen Business School</i>	Joonmahn Lee <i>Purdue University</i>	Timothy Quigley <i>University of Georgia</i>	Michael Withers <i>Texas A&M University</i>
Nathan Bragaw <i>Louisiana State University</i>	Richard Gentry <i>University of Mississippi</i>	David Lepak <i>University of Massachusetts, Amherst</i>	Larissa Rabbiosi <i>Copenhagen Business School</i>	Jennifer Woolley <i>Santa Clara University</i>
Flore Bridoux <i>University of Amsterdam</i>	Marco Giarratana <i>IE Business School</i>	Jingyu Li <i>Texas A&M University</i>	Joseph Raffiee <i>University of Southern California</i>	Maciej Workiewicz <i>ESSEC Business School</i>
Rhett Brymer <i>Miami University</i>	Fredrik Hacklin <i>ETH Zurich</i>	Zhefei Li <i>Singapore Management University</i>	Greg Reilly <i>University of Connecticut</i>	Nicolay Worren <i>Norwegian University of Life Sciences</i>
John Busenbark <i>University of Georgia</i>	Joo Hun Han <i>Rutgers University</i>	Chengwei Liu <i>University of Warwick</i>	Eunice Rhee <i>Seattle University</i>	Adam Wowak <i>University of Notre Dame</i>
Heejung Byun <i>University of Maryland</i>	Jeffrey Harrison <i>University of Richmond</i>	Xiangmin Liu <i>Penn State University</i>	Christopher Rider <i>Georgetown University</i>	Anastasiya Zavyalova <i>Rice University</i>
Matthew Call <i>Texas A&M University</i>	Joseph Harrison <i>Texas A&M University</i>	E Geoffrey Love <i>University of Illinois at Urbana-Champaign</i>	Jason Ridge <i>University of Arkansas</i>	Xiaoyu Zhou <i>ShanghaiTech University</i>
Benjamin Campbell <i>Ohio State University</i>	Olga Hawn <i>University of North Carolina at Chapel Hill</i>	Jacob Lyngsie <i>Copenhagen Business School</i>	Vera Rocha <i>Copenhagen Business School</i>	David Hongquan Zhu <i>Arizona State University</i>
Joanna Tochman Campbell <i>University of Cincinnati</i>	Koen Heimeriks <i>Aalto University</i>	Mark Maltarich <i>University of South Carolina</i>	Dorothea Roumpi <i>University of Arkansas</i>	
Robert Campbell <i>University of Georgia</i>	Aaron Hill <i>Oklahoma State University</i>	Dirk Martignoni <i>University of Zurich</i>	Raffaella Sadun <i>Harvard University</i>	
Christina Carnes <i>University of Nebraska-Lincoln</i>	Manuela Hoehn-Weiss <i>Oregon State University</i>	Kevin Miceli <i>Michigan State University</i>	Sarada Sarada <i>University of Wisconsin-Madison</i>	
Clint Chadwick <i>University of Kansas</i>	Karin Hoisl <i>University of Munich</i>	Dana Minbaeva <i>Copenhagen Business School</i>	Brian Saxton <i>John Carroll University</i>	
Jörg Claussen <i>LMU Munich</i>	Florence Honore <i>Iowa State University</i>	Mahka Moeen <i>University of North Carolina</i>	Donald Schepker <i>University of South Carolina</i>	
Christopher Collins <i>Cornell University</i>	Timothy Hubbard <i>University of Georgia</i>	Thomas P. Moliterno <i>University of Massachusetts, Amherst</i>	Jens Schmidt <i>Aalto University</i>	
Antonio Corvino <i>University of Foggia</i>	Johanna Jaskari <i>Aalto University</i>	Shad Morris <i>Brigham Young University</i>	Matthew Semadeni <i>Arizona State University</i>	
Alia Crocker <i>Babson College</i>	Pooyan Khashabi <i>LMU Munich</i>	Caterina Moschieri <i>IE Business School</i>	Metin Sengul <i>Boston College</i>	
Craig Crossland <i>University of Notre Dame</i>	Andrea Kim <i>Sungkyunkwan University</i>	Sabina Nielsen <i>Copenhagen Business School</i>	Richard Smith <i>Singapore Management University</i>	
Federica De Stefano <i>Bocconi University</i>	Andreea Kiss <i>Iowa State University</i>	Anthony Nyberg <i>University of South Carolina</i>	Yuliya Snihur <i>Toulouse Business School</i>	
John Delery <i>University of Arkansas</i>	Helge Klapper <i>University of Vienna</i>		Richard Tee <i>LUISS Guido Carli University</i>	
Cristian Dezso <i>University of Maryland</i>	Peter Klein <i>Baylor University</i>			
Magdalena Dobrąjska <i>Copenhagen Business School</i>	Ronald Klingebiel <i>Frankfurt School of Finance and Management</i>			

THURSDAY, MARCH 30, 2017

- 09:00 – 17:30 Doctoral Workshop
19:00 – 20:30 Conference Opening Reception

FRIDAY, MARCH 31, 2017

- 08:30 – 09:00 Conference Welcome
09:00 – 10:00 Keynote: Ed Lazear
10:00 – 10:30 Coffee Break
10:30 – 11:45 Parallel Paper and Common Ground Sessions
11:45 – 13:00 Lunch
13:15 – 14:00 Keynote: Rajshree Agarwal
14:00 – 15:00 Plenary: Organization Design and Managerial Practices
15:00 – 15:30 Coffee Break
15:30 – 16:45 Parallel Paper and Common Ground Sessions
17:00 – 18:15 Parallel Paper and Common Ground Sessions
19:30 – 21:30 Conference Dinner at the Museum of Science

SATURDAY, APRIL 1, 2017

- 08:30 – 09:30 Plenary: Research Methods
09:30 – 10:15 Keynote: Scott Snell
10:15 – 10:45 Coffee Break
10:45 – 12:00 Parallel Paper and Common Ground Sessions
12:00 – 13:15 Lunch
13:30 – 14:30 Plenary: Strategic Human Capital
14:45 – 16:00 Parallel Paper and Common Ground Sessions
16:00 – 16:30 Coffee Break
16:30 – 17:45 Parallel Paper and Common Ground Sessions

ONSITE DETAILS

All of the conference sessions will be held on the third floor of the Via Sarfatti 25 Building on the Bocconi University Campus.

Universita Bocconi
Via Roberto Sarfatti 25
Milano

Wi-fi is available throughout the campus at:

NETWORK: Bocconi-Eventi

PASSWORD: bocconi3516

EVENING EVENTS IN MILAN

THURSDAY OPENING RECEPTION

Please join us at the Bocconi University Restaurant for the opening reception with drinks and hors d'oeuvre to kick off the conference! We will require all attendees to be wearing name badges, so please first visit the registration desk to pick up your name badge and welcome packet.

Bocconi University Restaurant
25 Via Sarfatti
20136 Milan, IT

FRIDAY CONFERENCE DINNER AT THE MUSEUM

We invite attendees to join us at the Leonardo da Vinci National Museum of Science and Technology in Milan for a dinner hosted within the museum. Registered guests will enjoy a catered dinner in the Sala Colonne, which will feature fresh Italian pasta and other classic Italian dishes. **Event attendees will be required to wear name badges to enter the museum.**

Museo Nazionale della Scienza e della Tecnologia
Via S. Vittore 21
20123 Milano, IT

DOCTORAL WORKSHOP

Workshop	Date	Thursday, March 30
	Time	09:00 – 17:30
	Room	N08 – Velodromo Building

Doctoral Workshop

Workshop Organizers

Irene Duhaime, *Georgia State University*
Claudio Panico, *Bocconi University*

Panelists

Rajshree Agarwal, *University of Maryland*
Rocio Bonet, *IE Business School*
Ben Campbell, *Ohio State University*
Russ Coff, *University of Wisconsin-Madison*
Alfonso Gambardella, *Bocconi University*
Anna Grandori, *Bocconi University*
Tobias Kretschmer, *LMU Munich*
David Kryscynski, *Brigham Young University*
Jacob Lyngsie, *University of Southern Denmark*
Kyle Mayer, *University of Southern California*
Anthony Nyberg, *University of South Carolina*
Tomasz Obloj, *HEC Paris*

The main objectives of the Doctoral Workshop are to foster interaction among leading faculty scholars and doctoral students on various aspects of research and on preparing for a professional career in academia. The doctoral student participants will broaden their academic network with senior faculty from around the world and develop a better understanding of the particularities of the academic career. Leading researchers in the field will bring their experience into the discussion to further develop participants' insight into the key themes of this conference. The format of the workshop will be a combination of presentations by and interactive discussions with senior faculty members of major universities from Europe, the United States, and around the world.

*Only accepted applicants are permitted to attend this workshop. If you are interested in participating in future SMS workshops, please look for them on the conference websites.

19:00 – 20:30

CONFERENCE OPENING RECEPTION

08:30 – 09:00
CONFERENCE WELCOME BY RECTOR GIANMARIO VERONA

SESSION 410

**ENTREPRENEURSHIP AS PERSONNEL ECONOMICS
 – BY EDWARD LAZEAR**

TRACK PLENARY	Date	Friday, Mar 31
	Time	09:00 – 10:00
Keynote	Room	Perego

Entrepreneurship as Personnel Economics
Session Moderator

Nicolai Foss, *Bocconi University*

Keynote Speaker

Edward Lazear, *Stanford University*

In his keynote talk, Ed Lazear, the founder of Personnel Economics, will discuss the incentive issues that attach to the management of strategic human capital in companies.



EDWARD P. LAZEAR, the *Morris A. Cox Senior Fellow* at the Hoover Institution since 1985, is also the *Jack Steele Parker Professor of Human Resources Management and Economics* at Stanford University's Graduate School of Business, where he has taught since 1992. Professor Edward Lazear taught previously at the University of Chicago's Graduate School of Business, where he was the *Brown Professor of Urban and Labor Economics*. He served as *Chairman of the President's Council of Economic Advisers* and was at the White House from 2006 to 2009. *Founding Editor of the Journal of Labor Economics*, Edward Lazear is a *Fellow of the American Academy of Arts and Sciences* and of the *Econometric Society*, and a *Research Associate of the National Bureau of Economic Research*. He has written extensively on labor markets and personnel issues; microeconomic theory; issues involving worker compensation and effects on productivity; governmental policies on discrimination, affirmative action, and comparable worth; educational policy; unemployment; culture, language, and diversity issues; the doctrine of employment at will; distribution of income within the household; and pricing and marketing policies. Edward Lazear won the *IZA Prize in Labor Economics*, which is given to the person viewed to have made the most significant contributions to labor economics in the world. In June 2006, Lazear was awarded the *Jacob Mincer Prize* given by the Society of Labor Economics for lifetime contributions to the field. In addition to his former duties in Washington, he has been an advisor to the governments of Czechoslovakia, Romania, Russia, Ukraine, and Georgia.

10:00 – 10:30
COFFEE BREAK

SESSION 422

MANAGERIAL HUMAN CAPITAL AND CORPORATE GOVERNANCE

TRACK A/D	Date	Friday, Mar 31
	Time	10:30 – 11:45
Paper Session	Room	31

Session Chair: Marta Geletkanycz, *Boston College*

Black Diamonds Turned Bunny Hills: Exploring the Normative Shift in Board-level Strategic Human Capital

Marta Geletkanycz, *Boston College*

Over the last 20 years, the governance reform movement has advanced new rules altering the structure and independence of boards. At the same time, uncertainty fomented by the movement has created an opportunity for new normative practices, including a pivot in director selection. Increasingly, firms are turning away from recruitment of strategically-knowledgeable directors to appointment of directors often lacking in firsthand strategic insight. This redirection not only dilutes the board's strategic human capital (SHC) resources, it reflects a historic change in the board-level treatment of SHC. What were once arenas in which expert SHC was demonstrated have increasingly become arenas of SHC development. We examine the antecedents of this shift together with its consequences.

Directors' Professional Devaluation: The Effects of Stigma of Incompetence and Stigma by Association

Klavdia Evans, *St. Mary's University*

Dusya Vera, *University of Houston*

Seemantini Pathak, *University of Missouri – St. Louis*

Building on signaling theory and the literature on judgment under uncertainties, I examine the effects of a stigmatizing event on board of directors' professional future. I ask if the professional devaluation of directors—in terms of number of board appointments, quality of board appointments, and compensation from board appointments—takes place due to the stigma of incompetence, or courtesy stigma, or layered stigma. My theoretical model differentiates among directors associated with (1) the origin of the bankruptcy and (2) its filing. I associate bankruptcy origination with stigma of incompetence, and bankruptcy filing with courtesy stigma.

Retrenchment Strategies in Family Businesses: Proposals from the Stewardship and Sew Perspectives

Jose C. Casillas, *University of Seville*

Ana M. Moreno-Menéndez, *University of Seville*

Marco Castiglioni, *University of Seville*

This paper deals with retrenchment strategies in family businesses. Basing on two complementary theoretical approaches (stewardship theory and the SEW perspective) we propose four hypotheses relating declining performance, failure risk, retrenchment measures and the role of family CEO and family involvement on boards. The empirical study is based on the set of Spanish firms listed on the stock exchange during the period 2007–2011, a period that produced one of the greatest economic crises in Spain. Results show that when the firm experience a decline, a family CEO and involvement of family members on boards stimulates the retrenchment strategy, regardless of whether the firm's survival is at risk, although if survival is at risk, the retrenchment is more intensive than when this is not the case.

The Effects of Managerial Human Capital and Strategic Human Capital Capabilities on SME Performance

Clint Chadwick, *University of Kansas*

James Hayton, *Rutgers University*

Aside from the broad assumption that managerial action matters, nuanced insights regarding managerial influence have been largely absent from strategic human capital (SHC) research to date. Thus, basic questions about how managers influence SHC phenomena remain. The specific question that this proposal centers on is the impact of managerial human capital on firm performance compared to SHC management practices and strategy operationalization practices. Using a unique sample of 2462 small and medium enterprises (SMEs) from England, we

find that managerial human capital, specifically entrepreneurial skills, is positively related to log annual sales and log total productivity. However, for larger SMEs, the relationship of managerial human capital with firm performance is smaller and less significant, while formal human resource practices are positively related to firm performance.

SESSION 425

THE ROLE OF HUMAN CAPITAL IN SPORTS INDUSTRY CONTEXTS

TRACK A	Date	Friday, Mar 31
	Time	10:30 – 11:45
Paper Session	Room	32

Session Chair: Ryan Cooper, *University of Maryland – College Park*

Dynamic Effects of Social and Human Capital on Dyad Formation Between NFL Players and Agents

Ryan Cooper, *University of Maryland – College Park*

In this paper, I analyze the NFL agent industry to understand how ties between agents and clients are formed and dissolved. I find that social ties are an important determinant of dyad formation, but that the types of ties that matter change over the course of a player's career.

Experience on the Line: Organizational and Shared Experience for Interdependent and Independent Groups

Anne Parmigiani, *University of Oregon*

Human capital can be idiosyncratic and specific to an organization. Firm-specific human capital originates from two types of experience: individual experience with the organization and experience shared with work group members. The impact of organizational and shared experience will differ for interdependent versus independent tasks, as the former require greater contextualization and coordination. Improved work group and organizational performance should result when interdependent tasks are matched to long-tenured employees with shared experience. For independent workers, group and organizational experience should have a more muted impact. We analyze and support these predictions using National Football League data from offensive and defensive lines over 18 seasons.

NBA On Demand: The Impact of Human Capital on Consumer Willingness to Pay

David Kryscynski, *Brigham Young University*

Russell Coff, *University of Wisconsin-Madison*

Benjamin Campbell, *Ohio State University*

We combine human capital theory with the demand-side perspective in strategy to examine the impact of human capital on value created for consumers. We hypothesize that under certain circumstances human capital losses negatively affect consumer value. We further hypothesize that this relationship is moderated by the individual performance of the employee, the social status of the employee and the extent of task interdependence in the work environment. We also explore subsequent worker value capture. We leverage data from Stub Hub for secondary market prices for every NBA game played from 2008–2012. We match this data with detailed player data and injury records to examine how unplanned player losses through injury affect consumer value. Initial results support our expectations.

Protect This House: Using Human Capital Pipelines to Overcome the Vagaries of the Labor Market

Rhett Brymer, *Miami University*

Matthew Josefy, *Indiana University*

Resource-dependence theory (RDT) focuses on actions taken by firms to minimize their dependencies on external suppliers of resources. Classically, RDT has focused on co-opting individuals to minimize risk of dependence on other organizations. Our argument is that the opposite is true in labor markets – firms co-opt organizations to reduce their exposure to vagaries of individuals within the labor market. We propose to examine this argument using a unique 10-year dataset of 91,291 athletes who joined one of 129 major US college football teams from one of over 20,000 sources. We predict that these recruiting organizations vary their human capital sourcing strategies by creating pipelines to overcome constraints resulting from geographic isolation, constrained resources, and low reputation.

SESSION 430

THE ROLE OF INCENTIVE DESIGNS

TRACK A	Date	Friday, Mar 31
	Time	10:30 – 11:45
Paper Session	Room	33
Session Chair: Myriam Mariani, <i>Bocconi University</i>		

For Whom Merit Tolls: How Merit Pay Affects Organizational-level Productivity

Ilhwan Na, *Hanyang University*
Gyu-Chang Yu, *Hanyang University*

This paper examines the effects of merit pay adoption on the changes in organizational-level productivity with respect to marginal productivity theory. Although this theory alludes that the adoption of merit pay increases a firm's productivity, it is often criticized because of its unrealistic assumptions. By relaxing these assumptions toward a more realistic direction with strategic human capital theory and characteristics of merit pay, we postulate that the merit pay adoption is more effectual to managerial employees than to all employees. To capture the changes in productivity, led by the implementation of merit pay, we adopt latent growth curve modeling with multiyear panel data. Our results shed light on that the meaningful effect of merit pay implementation is dependent on a firm's purpose and conditions.

Work Motivations, Overconfidence and Sorting into Incentive Schemes in Industrial Research

Myriam Mariani, *Bocconi University*

The provision of economic incentives to employees can be problematic when the relationship between effort and output is not straightforward. We investigate a mechanism that firms can use to induce the sorting of R&D employees (i.e., inventors) into compensation schemes, based on either input (standard pay) or output (merit pay). This mechanism reflects inventors' own work motivations, which may be self-oriented or institution-oriented. Detailed information about 8,558 inventors from 23 countries reveals that (1) inventors receiving merit pay earn less than those with a standard pay rate; (2) income dispersion is greater under merit pay; (3) these differences are explained by the sorting into different compensation schemes according to motivational traits. Finally, we find that "overconfidence" explains the seemingly irrational behavior of self-oriented inventors.

Settling for Less or Wanting More? Human Capital and Geographical Preferences Approach to Executive Compensation

Dorothea Roumpi, *University of Arkansas*
Panagiotis Giannakis, *University of Arkansas*
John Delery, *University of Arkansas*

Human capital is arguably an important source of sustainable competitive advantage and, following the differentiation of the workforce rationale, some workforce groups can be more impactful than others. One such group is the top management that stirs a firm's strategy and structure. Thus, top executives' turnover can be detrimental for a firm. Even though compensation is critical in weighing alternative employment opportunities, as Campbell et al. (2012) emphasized, the rule of thumb that the highest wage is preferred does not always apply. Drawing on human capital research and the geographic preference theory we propose two complementary studies that aim at exploring the effect of an individual's human capital and geographical preferences on the change in compensation he/she is willing to accept when switching between employers.

Profit Sharing and Workplace Productivity Growth: Does Team Work Play a Role?

Tony Fang, *Memorial University*

Using panel data, this paper examines whether there is any link between adoption of an employee profit sharing plan and subsequent productivity growth in Canadian establishments, and whether this relationship is affected by various contextual factors, particularly use of work teams. We utilize a longitudinal research design which compares within-firm productivity growth in the three-year and the five-year periods subsequent to profit sharing adoption to within-firm productivity growth during

the same time periods in firms which did not adopt profit sharing. We find significant positive effects of profit sharing adoption on workplace productivity growth in firms that had work teams in place at the time of profit sharing adoption, but not in firms without work teams.

SESSION 433

DESIGNING HIGH PERFORMANCE ORGANIZATIONS

TRACK B	Date	Friday, Mar 31
	Time	10:30 – 11:45
Common Ground Session	Room	36

Session Facilitator: Børge Obel, *Aarhus University*

Connecting the Dots: Towards a Multi-Level Framework of Organizational Design

Tomislav Hernaus, *University of Zagreb*
Matej Cerne, *University of Ljubljana*
Luca Giustiniano, *LUISS Guido Carli University*

This conceptual paper intends to bridge the macro (organizational design) and micro (organizational behavior) literatures in order to obtain an overall comprehensive and granular approach to design of organizational artifacts. We review literatures on organizational design at different levels (job design, unit/group design and structural design), allude to the shortcomings of taking a single-level perspective, and identify opportunities in advancing this field by accounting for interdependencies (top-down or bottom-up) among them. Next, we identify methodological advancements related to analytically assessing the path-dependencies among factors residing at different levels of research. Finally, we present an overarching research framework of multi-level organizational design and posit specific postulates to be tested in future research.

Management Practices as a Source of Sustained Superior Performance

Ana Biselli Aidar, *FGV-EAESP*
Luiz Brito, *FGV-EAESP*

The use of Resource-based Theory (RBT) to explain the relationship between management practices and performance was questioned by Bromiley and Rau (2014), proposing the Practice-based View. We argue that a new view is not necessary and that the RBT can be extended to explain the effect of practices on performance. First, many management practices, once used by firms, are organizational capabilities. Second, although practices are not rare, they can be a source of performance heterogeneity, due to differences in degrees. Third, there are also barriers to development and diffusion that can sustain this heterogeneity. Using a qualitative approach, we investigate the hospitality industry to determine which practices influence performance, how they affect it, and what are the barriers to practices development and diffusion.

The Role of Goal Framing and Organizational Mechanisms as Performance Drivers in Brazilian Healthcare Organizations

Eder Januario, *University of Sao Paulo*

This article follows the line of research focused on incentives in dynamic environments, which require work team cooperation. We analyze the dynamic management capabilities of physicians in positions of leadership to create structures that encourage cooperation among team members in Brazilian hospitals. Based on the works of Grandori & Furnari (2008; 2010) and Foss & Lindenberg (2013), we will seek to answer the question, "What motivates a team to contribute to the objectives of organizations undergoing strategic reconfiguration?" We will examine the market, community and bureaucratic coordination structures used by team leaders to adopt a medication error reduction protocol at a private and public hospital. Our performance measure is the decrease in the number of cases registered in the Court in Brazil.



The Relationship Between Organization Design Choices and Organizational Effectiveness: A Proposed Framework

Nicolay Worren, *Norwegian University of Life Sciences*

This paper presents a framework that links organizational design choices with organizational performance. The proposed framework integrates key concepts from three perspectives, each emphasizing a particular aspect of organization design: 1) the functional perspective, which focuses on the relationship between functions (i.e., goals, requirements) and organizational structure; 2) the information processing perspective, which is concerned with work process interdependencies, coordination, and grouping of roles; and 3) the stratification perspective, which is concerned with decision rights and the definition of roles at different management layers. The framework identifies potential linkages between design choices, intermediate outcomes, and effectiveness.

Old Swedish Business in New International Clothes: Historical Transitions in Organizational Memory and Resource Management

Edward Gillmore, *Malardalen University*

Angelina Sundstrom, *Malardalen University*

Ulf Andersson, *Malardalen University*

This paper explores how firms make reference to their history and use historical reference to affect strategies. We explore historical transitions of firm memory in terms of selection and retention of firm strategic resource management processes. This allows for highlighting challenges and consequences related to organizations purposefully constructing and using their history to establish resource management processes and continuous innovation output. The paper draws on in-depth case studies of three Swedish R&D firms. Data was collected through retrospective and real-time interviews as well as archival studies. Our inductive case-study suggests that resource management processes result from selection and retention of resource management routines over-time. We also elucidate routines disposed of during transitions as strong vestigial memory linkages to the past that guide future strategic orientation.

Early Split Wins It: A Repeated Measures Study of Faultline Activation and Group Performance

Carmine Basile, *Cranfield University*

Patrick Reinmoeller, *Cranfield University*

Dirk Deichmann, *Erasmus University-Rotterdam*

Faultlines are hypothetical splits of groups into subgroups based on the alignment of multiple diversity attributes. In the literature, their negative impact on social capital and performance is contradicted by strong context-dependence. Reconciling these results, we shift the focus from hypothetical to perceived subgroupings and model how activated faultlines affect performance over time. In a quasi-experimental study of team decision-making, we collected data from 362 post-graduate, part-time students during an eight-week simulation. The final sample consists of 48 competing teams. Our results suggest that compositional diversity influences the likelihood of salient social categorizations, yet only the degree to which social categories are salient - together with their temporal occurrence - affects performance. This study contributes to the literature on diversity, group dynamics and social capital.

SESSION 436

HUMAN CAPITAL IN ORGANIZATION: DOES GENDER MATTER?

TRACK B/D	Date	Friday, Mar 31
	Time	10:30 – 11:45
Paper Session	Room	34

Session Chair: Christiane Bode, *Bocconi University*

Women at the Top: The Effect of CEO's Gender on Board's Allocation of Decision Authority

Massimo Colombo, *Polytechnic University of Milan*

Cristina Rossi Lamastra, *Polytechnic University of Milan*

Paola Rovelli, *Polytechnic University of Milan*

A wide literature has studied the allocation of decision authority highlighting its central role in firms' organizational design. At the

same time, scholars have put a growing effort in studying individual characteristics and how these shape organizations. In this paper, we integrate these two literature strands studying whether and how a prominent individual characteristic, i.e. gender, influences the allocation of decision authority over strategic decisions by the Board of Directors to the CEO. We contend that gender stereotypes render less likely that decision authority is delegated by the board to female CEOs, but this effect is weakened by the decision-specific and managerial knowledge possessed by the CEO. Logit estimates on a sample of 3,198 individual strategic decisions taken by 188 Italian firms confirm our hypotheses.

Up to no Good? Gender Differences in Promotions Following Participation in a Corporate Social Initiative

Christiane Bode, *Bocconi University*

Michelle Rogan, *INSEAD*

Jasjit Singh, *INSEAD*

Recent years have seen a proliferation of corporate social initiatives (CSIs) through which firms offer employees the opportunity to participate in programs with an explicit social impact goal. Such initiatives are thought to enhance employees' sense of fulfillment and meaning thus positively affecting motivation and retention. However, our analysis shows that participation in CSI negatively impacts employees' promotion chances. Furthermore, we find that this negative effect is experienced mainly by men not women. We argue that for men, participation signals that they are less competitive and motivated by their corporate careers than the stereotypical view would suggest while for women participation provides a consistent signal about women's perceived seriousness (or lack of) regarding the firm's commercial objectives and therefore offers less new information.

On the Value of Being the Only Woman

Cristian Dezso, *University of Maryland*

David Ross, *University of Florida*

Jose Uribe, *University of Michigan*

Extant research suggests women may earn more when they have female supervisors. However, part of a firm's willingness to pay for the labor of a female top manager may lie in her symbolizing the firm's commitment to gender equality. This value would be lower if the firm has a higher ranking woman. It follows that the presence of a female CEO would be associated with lower compensation for other female top managers, but would not affect the compensation of male top managers. We find strong support for this prediction using over 20 years of panel data on the S&P 1,500 companies. We also find a smaller negative association between the compensation of a female top manager and the presence of other top female managers.

Female Managers and Innovation: New Evidence from an International Dataset

Nicolai Foss, *Bocconi University*

Peggy Lee, *Arizona State University*

Samuele Murtinu, *University of Groningen*

Vittoria Giada Scalera, *University of Amsterdam*

As women rise through the upper echelons of firms, research interest in the possible performance consequences of gender diversity has also increased. Nonetheless, the effect of female leadership on innovation remains unclear. Using data from the Management, Organization and Innovation Survey developed by the World Bank and the European Bank for Reconstruction and Development, our study extends the gender diversity literature. We examine the effect of female managers on innovative activities. We find that that female managers are associated with a higher likelihood of corporate R&D investments (+9.4%) and introductions of new products or services (+29.83%). Furthermore, R&D intensity is positively associated with the presence of women in management teams, while the association of female managers with annual sales of new products is nonlinear.

SESSION 419

COGNITIVE AND BEHAVIORAL PERSPECTIVES

TRACK C/D	Date	Friday, Mar 31
	Time	10:30 – 11:45
Common Ground Session	Room	35

Session Facilitator: Timo-Pekka Uotila, *University of Vaasa*

Unfolding Strategic Partnership: an Analysis of the Ceos' and HR Directors' Perceptions of TMT Work

Mikko Luoma, *University of Vaasa*
Timo-Pekka Uotila, *University of Vaasa*

This explorative study focuses on the concept of strategic partnership, the term often used to describe the ideal relationship between the CEO and HR director in the context of strategic human resource management. The study utilizes the approaches of cognition research and measures the degree of similarity of the perceptions held by the CEOs and HR directors about their common reality, that is, the functioning of their top management teams. The data were collected from 105 Finnish top management teams. The results build a picture of notable heterogeneity of such perceptions. Finally, potential explanations for the results are discussed.

Do Experience and Degree of Innovation Influence Intentionality to Create New Value?

Amir Emami, *Polytechnic University of Turin*
Dimo Dimov, *University of Bath*

This paper seeks to study the influence of the moderating role of experience and innovation on the intentionality to create new value (NVC). Using a survey data from 157 prospective entrepreneurs, we compare the perception of experienced and novice entrepreneurs at the pre-founding stage of their venture. We find that if entrepreneurs have required opportunity confidence, then medium and high-level innovation can increase the likelihood of acting on the opportunity for novice and experienced entrepreneurs respectively. For novice entrepreneurs, the innovation variance from low to medium moderates the relationship between opportunity confidence and intent. In fact, this relationship is strengthened by the medium novelty level. Whereas, for experienced entrepreneurs, the variance from medium to high, moderates the relationship.

Wage-and-Salary Employment to Entrepreneurship: Punctuated Equilibria and Venture Microfoundations

Gerry Kerr, *University of Windsor*
Francine Schlosser, *University of Windsor*

Founding narratives of 47 entrepreneurs and 37 related ventures were examined for patterns in the transition from wage-and-salary employment to entrepreneurship. Personal values of varied nature punctuated established wage-and-salary careers in favor of entrepreneurship. The assessment of career options was tilted in the accounts by anticipated returns from psychic well-being, while the practical matters of opportunity recognition, organizational founding, strategy setting, and scale-up were empowered by the vision, skills, and networks formed through previous experience. Founders purposely and continuously imprinted their values on their organizations. The narratives demonstrate the central importance of pursuing alignment or 'fit' among organizational attributes in support of specified goals, and they document the critical effects of founding decisions and, especially, values in shaping strategy and organization.

Neuroscience Methods and Strategic Management: Insights from Research on Emotions

Sebastiano Massaro, *University of Warwick*

By drawing from the evidence that neuroscience is refining the boundaries of scholarship in social sciences, this work outlines the urgency for strategic management researchers to integrate their methodological background with a working knowledge of the tools used to investigate the human nervous system. By focusing on several neuroscience techniques, such as functional magnetic resonance imaging (fMRI) and electroencephalography (EEG), and an underlying narrative on affective research, this work explains functional and procedural aspects, core characteristics, strengths and weaknesses, and offer related evidences on the possible use of these methods for strategic research. The overall aim here is to offer scholars a review that will advance knowledge on properties, limits, claims and promises of ongoing strategic research incorporating neuroscience methods.

Studying Cognitive Social Structures in Strategy Research: Methodological Considerations and an Illustration

Shemuel Lampronti, *ESSEC Business School*
Elisa Operti, *ESSEC Business School*
Stoyan Sgourev, *ESSEC Business School*

Strategy research has rarely explored how social structure is cognitively represented and recalled by individuals involved in strategic interaction. By contrast, research in social networks, organisational behaviour, and social psychology, has long recognised the importance of cognitive social structures. We propose to import the experimental methods used in organisational behaviour to explore how individuals recognise, store, and recall networks in competitive interactions. As an illustration of the importance of the topic and the potential of the methodology applied to strategy, we propose a study on how cognitive representations of social structure are built when actors experience competitive rivalry, a condition of well-established importance in the field of strategy.

An Exploration of Resistance to Change: An Assumption Challenging, Multi-dimensional Study

Beverley Macmillan, *Sheffield Hallam University*

The research focuses upon links between resistance to change, and "constructive discontent" (Dann (2008). By exploring who resists change, the reasons and how such resistance is manifested, the research investigates the question that if we could challenge what has been the dominant conceptualisation of resistance to change as a 'bad thing,' (Beckhard & Pritchard, 1992, p. 74), then this may lead to 'resistance' being viewed in more nuanced terms and be considered as a multi-dimensional concept with more positive connotations. The central contribution of this paper is to offer conceptual frameworks through which to shape and guide the eventual presentation of the empirical data collected. The frameworks create lenses through which H.R. managers might view resistance differently, reconceptualising it as a multi-dimensional phenomenon.

11:45 – 13:00
LUNCH



SESSION 411

**EMBRACING ASPIRATIONS AND (CAP)ABILITIES
IN STRATEGIC HUMAN CAPITAL – BY RAJSHREE
AGARWAL**

TRACK PLENARY	Date	Friday, Mar 31
	Time	13:15 – 14:00
Keynote	Room	Perego

Embracing Aspirations and (Cap)abilities in Strategic Human Capital**Session Moderator**Alfonso Gambardella, *Bocconi University***Keynote Speaker**Rajshree Agarwal, *University of Maryland*

This keynote addresses several important issues arising from the literature on human capital and suggests directions for future research. It discusses in particular the multi-level and multi-faceted issues raised by the notion of strategic human capital, which range from capabilities, to motivation, opportunities, incentives, and their implications for performance at the level of individuals and organizations.



RAJSHREE AGARWAL is a Chaired Professor in Strategy and Entrepreneurship at the University of Maryland. Her research interests focus on the implications of entrepreneurship and innovation for industry and firm evolution. Rajshree Agarwal's recent projects examine knowledge transfer through employee entrepreneurship/mobility, experience-based advantages in new product markets, and the influence of dynamic knowledge-based capabilities on firm performance. She has published articles in journals such as *Academy of Management Journal*, *American Economic Review*, *Strategic Management Journal* and *Review of Economics and Statistics*. Her paper on employee entrepreneurship received the Best Paper Award for 2004 from the *Academy of Management Journal*, and her work on post exit knowledge diffusion received the Stephen Shrader Award at the 2005 *Academy of Management Meetings*. She has received research grants from the Kauffman Foundation, the Mellon Foundation, the Marketing Science Institute and the US Department of Agriculture.

SESSION 407

ORGANIZATION DESIGN AND MANAGEMENT PRACTICES**TRACK PLENARY****Date** Friday, Mar 31**Time** 14:00 – 15:00**Plenary Panel****Room** Pereo**Organization Design and Management Practices****Session Leader**Nicolai Foss, *Bocconi University***Panelists**Arnaldo Camuffo, *Bocconi University*John Joseph, *University of California, Irvine*Andrea Prat, *Columbia University*Raffaella Sadun, *Harvard University*

Firms may be thought of as bundles of complementary capabilities that are embedded within organizational structures that facilitate communication and coordination. This panel explores how these structures support how human capital aggregates up to create organizational performance differences.



ARNALDO CAMUFFO is a Professor of Business Organization at Bocconi University and the Director of ICRIOS (Invernizzi Center for Research in Innovation, Organization, Strategy & Entrepreneurship). He has served as a visiting professor at a number of universities around the world including Industrial Performance Center of MIT and at the School of Management of the University of Michigan, Dearborn. Arnaldo Camuffo's research interests include strategic innovation, organizational forms and boundaries, strategic management of human resources and compensation, and lean management and startups. He holds his PhD in Business Administration from University Ca Foscari of Venice. He is a member of the Academy of Management, the Strategic Management Society, and the European Group for Organization Studies.



JOHN JOSEPH is an Assistant Professor at the Paul Merage School of Business at UC Irvine. He received his Ph.D. from Northwestern University and was previously on the faculty at Duke University. John Joseph's research lies at the intersection of strategy and organization theory. His work examines the process by which organizational design choices can improve the quality and speed of decision making by changing the way managers identify, attend to, and interpret problems and opportunities. Much of his work focuses on innovation in large multi-business organizations. John Joseph's research has been published or is forthcoming in the *SMJ*, *Academy of Management Journal*, and several other leading journals in the field. John Joseph is a member of SMS, AOM, and ODC and serves as an editorial board member of *Administrative Science Quarterly* and *Strategic Management Journal*. He has received several teaching awards and has taught in a variety of programs at Kellogg and Duke. John Joseph's experience outside academia includes managerial positions in the technology and pharmaceutical sectors.



ANDREA PRAT is the Richard Paul Richman Professor of Business at Columbia Business School and Professor of Economics at Columbia University. After receiving his PhD in Economics from Stanford University in 1997, he taught at Tilburg University and the London School of Economics. Andrea Prat's work focuses on organizational economics and political economy. His current research explores issues related to incentive provision, firm structure, and communication modes. He is a principal investigator of the Executive Time Use Project. He is the author of numerous articles on leading journals in economics and finance including the *American Economic Review*, *Econometrica*, the *Journal of Finance*, the *Quarterly Journal of Economics*, the *Review of Economic Studies*, and the *Review of Financial Studies*. He served as Chairman and Managing Editor of the *Review of Economic Studies*. He is an Associate Editor of *Theoretical Economics* and a director of the Industrial Organization program of CEPR.



RAFFAELLA SADUN is an Assistant Professor in the Strategy Unit at the Harvard Business School. Her research interests are in the economics of productivity, organization, management practices, and information technology. In her research, Raffaella Sadun focuses on how firms differ in their management practices and organizational structure across countries and industries. By linking firm-level data with macroeconomic information, she documents the importance of economic as well as cultural factors in determining a company's managerial choices – such as whether to centralize or decentralize its decision making – and ultimately its performance. Another aspect of this work examines how firms can make managerial choices that allow them to reap the full benefits of their information technology investments. Raffaella Sadun's work has been covered in the business press, including *The New York Times*, *The Economist*, *The Wall Street Journal*, and the *Financial Times*.

15:00 – 15:30
COFFEE BREAK

SESSION 402

HIRING AND ACQUIRING HUMAN CAPITAL

TRACK A	Date	Friday, Mar 31
	Time	15:30 – 16:45
Paper Session	Room	34
Session Chair: Amit Jain Chauradia, <i>Indian School of Business</i>		

Acqui-hiring: a Human Resource Acquisition StrategyRavi Pandey, *Indian Institute of Management – Bangalore*

Acqui-hiring is a human resource acquisition strategy wherein early stage start-ups are acquired by established firms primarily to gain access to their employees. Technology companies have been actively practicing acqui-hiring to acquire scarce engineering talent, however, it is not clear why large companies adopt such costly and risky strategy, and not simply try to hire away key resources. This paper has argued that the dynamic and unpredictable nature of technology and difficulty in obtaining finances increase the likelihood of acqui-hiring. The ability of the acquirer to assess the fitment of acqui-hired resources and presence of intrapreneurial opportunities define its effectiveness. Acqui-hiring has found favor in practice but academic research exploring this phenomenon is sparse which this paper aspires to fill.

Hiring During Recessions to Gain Competitive AdvantageKirsten Foss, *Norwegian School of Economics*Lasse Lien, *Norwegian School of Economics*Cassandra Torgnes, *Norwegian School of Economics*Sujit Pandey, *Norwegian School of Economics*Eirik Sjaholm Knudsen, *Norwegian School of Economics*Bram Timmermans, *Norwegian School of Economics*

We explore whether the hiring of recent graduates during a recession, can have a long-term positive effect on a firm's competitive advantage. In particular, we look at how the interaction between recent graduate search behavior and firm search costs may change during a recession and how these changes may create potential competitive advantages. Firms' search cost creates systematic differences between the types of firms that hire for competitive advantage. In particular, we argue that large firms are more likely to systematically exploit the market imperfections that allow them to hire for competitive advantage. However, during a recession with higher availability of high-skilled candidates medium-wage firms are likely to benefit from distortion in the labor market. We propose four testable hypothesis.

When is it Better to Build Versus Acquire Human Capital? A Comparative Performance AssessmentAmit Jain Chauradia, *Indian School of Business*Deepak Somaya, *University of Illinois at Urbana-Champaign*Joseph Mahoney, *University of Illinois at Urbana-Champaign*

Prior research suggests that firms augment human capital using one of two main strategic approaches—building and acquiring—but we know little about how these human capital strategies impact firm performance. We address this research question by first identifying four classic human capital-related problems—quality uncertainty, firm-specific human capital, team complementarity, and employee motivation—each of which manifests differently under building and acquiring strategies. We then develop theory regarding conditions that enable firms to mitigate these problems and thus increase economic returns. We hypothesize that when firms rely more on building (vis-à-vis acquiring) strategies, their economic returns increase with reputation and employees' promotion chances, but decrease with their acquisition of external leadership. These hypotheses are tested with a panel dataset of large U.S. law firms.

Safe Distance to the Wreck: Determinants and Boundary Condition of Firms' Status Anxiety in RecruitmentAgnieszka Nowinska, *Copenhagen Business School*Kristina Vaarst Andersen, *Copenhagen Business School*Mark Lorenzen, *Copenhagen Business School*

While human capital is essential to firm performance, firms' status anxiety may influence the hiring process. We investigate determinants of status anxiety as well as its boundary conditions in firms' recruitment decisions. We take advantage of a natural experiment in a human capital-intensive industry and undertake a quantitative analysis of the careers of 207 employees after a firm's collapse, supplemented with qualitative interviews with employees and potential employers. We find that hierarchical position at the failed firm increases and 'distance to the wreck site', i.e. the Singapore subsidiary where its organizational failure originated, reduces firms' association of displaced employees with organizational failure. Consequently, firms experience various extent of status anxiety affecting their subsequent hiring decisions.

SESSION 403

STRATEGIC HUMAN RESOURCE MANAGEMENT

TRACK A	Date	Friday, Mar 31
	Time	15:30 – 16:45
Common Ground Session	Room	35

Session Facilitator: John Delery, *University of Arkansas***Alignment Effect Between Management Reported and Employee Experienced HPWS on Team Performance: Investigating R&D Teams**Pingshu Li, *University of Texas – Rio Grande Valley*Kaifeng Jiang, *University of Notre Dame*Zhen Zhang, *Arizona State University*Shuangying Chen, *University of Electronic Science and Technology of China*

Accumulating evidence in strategic human resource management research shows inconsistencies between the HR practices that management reports enacting in a firm and the HR practices that their employees describe experiencing. While prior studies have found that employee experienced HR practices could shape employees' individual and collective performance, an unresolved issue is whether inconsistencies between managerial and employee perceptions of HR practices affect performance. This study addresses this issue in 97 R&D teams from 21 divisions at a large Chinese new energy development company. Findings suggest that alignment between management reported HR practices and employee experienced HR practices is positively associated with team creative performance. Moreover, performance is higher when these perceptions are aligned at a high level of high performance work system (HPWS) implementation.

HRM Practices and Firm Performance: Is the Positive Connection the Human Resources, Management, or Practices?Bruce Kaufman, *Georgia State University*Adrian Wilkinson, *Griffith University*Michael Barry, *Griffith University*Rafael Gomez, *Centre for Industrial Relations and Human Resources*

The four coauthors secured a half-million dollar grant to fund 8 nationally representative surveys of, respectively, employers and employees in Australia, Canada, UK, and US regarding organizational performance measures, HR practices, management styles, employee relations climate, employee behaviors (e.g., engagement, turnover), attitudinal dispositions (e.g., trust, fairness, job satisfaction), organizational culture, union status, etc. This paper reports the first analysis of the data. The body of the paper is divided into two parts. The first part sorts the responses to identify the proportion of workplaces that qualify as having a high-performance work system. The second part reports regression analysis of the data for a positive HPWP-performance effect and, if found, to determine if it arises from attributes of the human resources (people), management, or HR practices.

Human Resource Management and Firm Value Capture of Firm-specific Human Capital

Guoguang Wan, *Hong Kong University of Science and Technology*
Zhiwei Xu, *SJTU*
Ruixue Zhang, *Hong Kong University of Science and Technology*
Wei Shi, *Norwegian School of Economics*
Jay Barney, *University of Utah*

This paper examines how a firm makes HR (human resources) practice decisions to capture the value of firm-specific human capital. A static model shows that the optimal level of investments in HR practices on firm-specific human capital is related to the rent generated per unit of firm-specific human capital in the shape of the increasing part of a U and has an inverted-U shape relationship with the ability of employees to appropriate such rent. And, the firm should avoid investing in HR practices on generic human capital. Then, in a dynamic model, the HR practice decisions depend on two additional variables: the decay of human capital stock and the influence of the existing human capital stock on the employee ability to acquire future human capital.

Basking in Reflected Glory? The Influence of Brand Equity on High Performance Work Systems

Arnd Vomberg, *University of Mannheim*
Christian Homburg, *University of Mannheim*

This study analyzes the effect of brand equity on firms' engagement in high performance work systems (HPWS). The authors introduce and empirically test two competing perspectives regarding company behavior. The instrumental perspective (1) assumes that firms with high brand equity engage more in HPWS to consistently deliver the brand promise. The equifinality perspective (2) assumes that firms with high brand equity reduce their engagement in HPWS because brands and HPWS fulfill similar functions. Drawing on diverse panel data sources, the authors observe a negative influence of brand equity on HPWS. Relying on residual analysis, the authors also introduce a new approach to study the performance consequences and find that the observed equifinality perspective indeed leads to the highest level of customer satisfaction and Tobin's q.

Which Firms Can Benefit More from High-Performance Work Systems, First Movers or Fast Followers?

Joo Hun Han, *Rutgers University*
Saehee Kang, *Rutgers University*
David Lepak, *University of Massachusetts Amherst*
In-Sue Oh, *Temple University*

One conundrum in the strategic human resource management (SHRM) literature is the lack of consistent support for the contingency hypothesis that the strategic and operational value of high-performance work systems (HPWS) will increase for firms pursuing product innovation strategies. Drawing upon strategic HRM and innovation literatures, we propose that a fast follower strategy will capitalize more on the utilization of HPWS than would a first mover (or a fence sitter) strategy, thereby leading to higher subsequent financial performance. Using four-wave national representative panel data, we found support for this hypothesis. These findings provide useful insights into how firms should implement and match their HR practices and innovation strategies in order to strengthen firm performance.

Doing Well by Making Well: The Impact of Corporate Wellness Programs on Employee Productivity

Timothy Gubler, *University of California, Riverside*
Ian Larkin, *University of California, Los Angeles*
Lamar Pierce, *Washington University in St. Louis*

Almost 90% of companies use corporate wellness programs designed to improve employee health. We measure the effect of these programs on employees' on-the-job productivity. We argue that productivity improvement can arise from increased job satisfaction among all employees, and increased well-being by employees whose health improves due to the program. We test these predictions using a wellness program implemented over three years at multiple plants of an industrial laundry company, and individual productivity and medical data. Overall productivity jumped over 5% for program participants relative to the control group, while employees whose health improved due the program increased productivity by 11%; the program's overall ROI was over 500%. This study suggests socially responsible firm health policies can improve both workers' wellness and economic value.

SESSION 431

COGNITION, INDIVIDUALS AND THE RESOURCE CREATION

TRACK A

Date Friday, Mar 31

Time 15:30 – 16:45

Paper Session

Room Perego

Session Chair: Prithwiraj Choudhury, *Harvard University*

Strategic IQ: Experimental Evidence on the Role of Cognition in Competitive Performance

Sheen S Levine, *University of Texas – Dallas*
Mark Bernard, *Goethe University Frankfurt*
Rosemarie Nagel, *Barcelona GSE*

Pursuing sources of competitive advantage, researchers have been exploring cognition. Here we examine how cognitive capabilities affect competitive performance, drawing on two constructs rooted in psychology and economics: analytic skill, or the ability to solve abstract problems, and strategic IQ—the ability to ascertain others' state of mind and use it for advantage. Using incentivized laboratory experiments, we behaviorally measure the constructs in participants, then let them compete for cash in a highly competitive market. Although the market is designed to eliminate any advantage stemming from structure or resources, some participants do much better than others. We trace performance differences to heterogeneity in analytic skill and strategic IQ. The best performers are those who are not only capable, but also understand how capable their competitors are.

A Genetic View of the Firm: How Individual Human Capital Aggregates to Human Capital Resource

Prithwiraj Choudhury, *Harvard University*
Dylan Minor, *Northwestern University*

In this paper, we use a novel theoretical lens from genetics to study the important problem of how human capital at the individual level aggregates to form unit/firm level human capital resource. We conceive individual human capital as akin to genes and leverage several workhorse models in genetics including the Fisher theorem to theorize how individual human capital aggregates to form the human capital resource genotype. We also borrow from recent advances in genetics around insertion and deletion of genes to frame our ideas of how the human capital resource could be altered by employee mobility. Finally, we use the concept of phenotype in genetics to theorize how the environment and chance interacts with the genotype to form the human capital resource phenotype.

Juggling Too Many Balls at Once: CEO Narcissism, Attention, and Strategic Change

Pascal Back, *University of Giessen*

This study examines the cognitive mechanisms of the relationship between CEO narcissism and strategic change, using computer software and hardware firms in the U.S. as examples. Drawing on the attention-based view of the firm, I coined two attentional constructs that were developed with the help of psycholinguistic content analysis: Attentional complexity refers to the cognitive difficulty of coping with different temporal and spatial foci. Attentional vigilance indicates how often an individual's attention on a set of foci changes during a given time period. Preliminary empirical results reveal that an inverted U-shaped relation exists between attentional complexity and strategic change. The study's main contribution lies in its innovative research model and method that facilitate better understanding of 'how' narcissistic CEOs have an impact on strategic change.



The Resourcing of Human Capital and its Malleability in Engagement

Satu Teerikangas, *University College London*
Liisa Valikangas, *Aalto University*

We explore the malleability of human capital resources in organizations. Our 55 interviews across four studies of contemporary professionals lead us to posit that instead of being fixed, human capital resources are continuously created in their engagement. We describe how such resource engagement occurs. We identify its enabling factors as activities, the self, others, managers, work contexts, and show that the engagement experience itself fluctuates between edging, the peak experience, and retreating, the need to wind down. We contribute to theorizing on strategic human resource management by proposing how human capital is created, and how this leads to its malleability as an organizational resource. We also contribute to resourcing theory by exploring how individuals variously engage their own agency for resource creation.

SESSION 434

DELEGATION AND COORDINATION OF DECISION-MAKING

TRACK B	Date	Friday, Mar 31
	Time	15:30 – 16:45
Paper Session	Room	31

Session Chair: Claudio Panico, *Bocconi University*

A Dark Side of Specialization: Exploring Upward Delegation as a Source Of Maladaptation Costs

Jesper Christensen, *Copenhagen Business School*
Magdalena Dobrąska, *Copenhagen Business School*

In this paper we challenge the assumption that decision-making authority delegated to employees at lower hierarchy levels is in fact retained and productively used by individuals in problem solving. Instead we propose that the tendency for specialists to renege on delegated authority and escalate issues upwards to immediate managers increases with the perceptions of task uncertainty, complexity and time pressure; and that extensive use of reneging on delegated authority is detrimental for project performance. We will test our hypotheses on a granular dataset that we will collect from a single firm engaged in multiple new product development projects.

What Goes Around at the Lab? Autonomy, Incentives, and Knowledge Interactions

Manuel Gomez Solorzano, *Bocconi University*
Claudio Panico, *Bocconi University*
Giuseppe Soda, *Bocconi University*

Autonomy and the specificity of workers' knowledge are of central concern in the management of human capital, and we posit that they drive knowledge interactions in innovative contexts. These interactions affect knowledge dynamics within the firm and are paramount for innovative performance. Using unique project-level data from the corporate R&D lab of a global science-based company, we provide evidence that autonomy and project-specific human capital affect workers' interactions inside the lab. To interpret the mechanisms driving the empirically observed relationships, we set up an agency model that sheds light on the nuanced relationships among workers' autonomy, their incentives, and their knowledge interactions. The empirical and the formal analysis complement each other and allow us to derive new implications for the strategic management of human capital.

On the Behavioral Nature of Integration: Dynamic Interplay of Coordination Intensity and Integration Benefits

Jesper Christensen, *Copenhagen Business School*
Torben Pedersen, *Bocconi University*

The contribution of the paper is threefold. First, it would contribute to established integration literature (based in the information processing and knowledge-based views) by unpacking and testing the relationship between integration effort, the level of achieved integration, and the realized benefits of integration. Second, the paper would represent a theoretical innovation in the sense that the study of integration is expanded with an individual dimension that is demonstrated to be crucial in order to properly understand, represent, and explain the relationship between integration effort and integration outcomes. Third, the paper represents a methodological advance, both in terms of the level of empirical detail and the implied challenge of the established tendency to use referent-shift consensus composition and similar aggregation methods.

Nanofacilities: Microfoundations, Organizational Design, and Practices of Meta-organizations

Sebastiano Massaro, *University of Warwick*
Gianni Lorenzoni, *University of Bologna*

We develop grounded theory on the strategic microfoundations, organizational design and practice that allow meta-organizations – organizations whose members are organizations, rather than individuals – to emerge. While much research in strategy has focused on individual-based organizations, accounts for meta-organizations are still at their nascent theoretical stages. We collected data from a six-year longitudinal study in the cutting-edge nanotechnology sector, and employed a multiple cases research design. Our preliminary findings allow us identifying patterns of meta-organizational strategic processes, and generating theory on why and how these models vary across distinct organizational designs. Our contribution proposes relevant implications not only for management theory, but also for practice, in particular for policy-makers.

SESSION 437

ORGANIZING START-UPS

TRACK B	Date	Friday, Mar 31
	Time	15:30 – 16:45
Paper Session	Room	32

Session Chair: Peter Klein, *Baylor University*

Organizational Configurations in the Early Stages of Firm's Life Cycle

Luigi Mosca, *University of Padova*
Diego Campagnolo, *University of Padova*
Martina Gianecchini, *University of Padova*

In management literature there is a lack of holistic analysis of young firms' growth. This paper aims to address this gap analyzing organizational configurations associated to high performance of 96 Italian young technology firms. We have adopted the fuzzy set qualitative comparative analysis (fsQCA), which performs holistic comparisons. Our analysis has identified four equifinal configurations, which show novel combinations of elements. Some of them – in line with the ideal typologies – such as vertical differentiation combined with formalization and niche market strategy in low turbulent environment, and others combinations, which contradict ideal archetypes –, based on informal structure and decentralization combined to both niche and differentiation strategies in high turbulent environment.

How Do Public Incubators Foster Entrepreneurship and Innovation? The Effects of Management Practices

Christos Kolympiris, *University of Bath*
Grigorios Emvalomatis, *University of Dundee*
Peter Klein, *Baylor University*

We study the management practices of business incubators to see how selection, coaching, networking, and resource provision affect innovation and growth of tenant firms. Incubators help their tenants grow both through certification (a selection effect) and through the mentoring and networking services they provide (a treatment effect). We study a sample of public business incubators in Europe and show that both certification and mentoring affect the ability of incubator tenants to attract private investment. We find that business angels pay particular attention to an incubator's selection procedures, while both angels and venture capitalists value mentoring. Our work contributes to an emerging research stream on how public incubators, accelerators, and similar programs stimulate entrepreneurship and innovation by linking entrepreneurs to private funders and other resource providers.

The Effects of Business Accelerators on Venture Performance: Evidence from Start-Up Chile

Michael Leatherbee, *Pontifical Catholic University of Chile*

Do business accelerators add value? If so, how? We investigate these questions by focusing on Start-Up Chile, a government-backed ecosystem accelerator. Using a regression discontinuity design, we show that entrepreneurship-schooling services of accelerators can significantly increase new venture performance by improving the entrepreneurial capital of participants. We speculate about the existence of four performance-enhancing mechanisms: greater social clout, the provision of an accountability structure that induces entrepreneurs to articulate and reflect about specific strategic tasks, an increase in self-efficacy, and know-how about building a start-up. We find no support for causal effects of basic services of cash and co-working space.

How to Win Over Employees' Hearts and Minds: Building Internal Legitimacy

Lien De Cuyper, *Imperial College London*

This study answers the question of how new ventures gain legitimacy from employees. Through an in-depth case study of a new venture, internal legitimacy, i.e. the employee considering the organization as worthwhile to be committed to, is identified as the result of both founders' actions and employees' assessments. We find that congruence between employees' objectives for being part of the organization and the actions taken by founders to pursue legitimacy is a precondition for internal legitimacy building. We further distinguish between normative and cognitive actions to build internal legitimacy. We contribute to the literature on organizational legitimacy by isolating the employee as a distinct audience to attend to in organizational legitimacy building and by providing a bridge between the actor- and audience centered views.

SESSION 413

MULTIPLE PERSPECTIVES ON THE VALUE OF TMT MEMBERS

TRACK D	Date	Friday, Mar 31
	Time	15:30 – 16:45
Paper Session	Room	33

Session Chair: Hermann Ndofo, *Indiana University*

Top Management Team Variety and Outsourced Technology Portfolio Scope

Paolo Aversa, *City, University of London*
Luiz Mesquita, *Arizona State University*
Simone Santoni, *City University London*
Alessandro Marino, *LUISS Guido Carli University*

This study focuses on the variety of top management team executives' background (i.e., TMT variety) and the scope of their firm's outsourced technology portfolio (i.e., OTP scope). Prior literature suggests that TMT variety engenders a firm to broaden the scope of its OTP, but we contend this effect actually depends on internal and external contingencies. We argue that component coreness (i.e., whether the innovation sought with alliance partners pertains to a component that is core or peripheral in the

overall product architecture) and technological dynamism (i.e., whether firms in the environment are more or less technologically innovative) interact to at times reduce and at times increase the original relation. Leveraging a unique 18-year population-level dataset from Formula 1 we find empirical support for our model.

You Can Go Your Own Way: An Examination of Individual-Level TMT Exit

Joel Andrus, *Texas A&M university*
Michael Withers, *Texas A&M University*
Steven Boivie, *Texas A&M University*
Stephen Courtright, *Texas A&M University*

Changes in top management teams (TMT) are important events that impact not only the firm, but also the individual managers who exit. While prior research has considered CEO turnover and group-level TMT turnover (Boeker, 1992; Cho & Shen, 2007), we still know relatively little about why individual TMT members exit a firm. In this study, we integrate theories of executive succession at the macro (Cannella & Lubatkin, 1993) and micro levels to understand the antecedents to executive turnover (Hom et al., 2012; Shapiro et al., 2016). Using data on more than 8,000 executives, we find that outside CEO succession leads to greater chance of exit, whereas retaining the prior CEO following a succession event and increased executive power result in decreased likelihood of exit.

The Speed and Magnitude of Competitive Actions Post CEO Succession

Hermann Ndofo, *Indiana University*
Cheryl Trahms Chapman, *Minnesota State University, Mankato*
Maria Goranova, *University of Wisconsin-Milwaukee*
Richard Priem, *Texas Christian University*
Michael Withers, *Texas A&M University*

We examine how the context of succession affects the competitive behavior of new CEOs. We argue that the awareness and motivation of new CEOs and the capabilities available at succession will influence the speed with which they initiate competitive actions and the magnitude of competitive activity they engage in during their first year of tenure. Furthermore, the complexity of the environment inherited by the new CEO will affect the effectiveness of the competitive activity of their firms. Specifically, too many competitive actions initiated too rapidly after succession in more complex environments will be detrimental to firm performance.

Delegation within the TMT: The Role of Workload and Knowledge in Determining CEO's Delegation

Massimo Colombo, *Polytechnic University of Milan*
Paola Rovelli, *Polytechnic University of Milan*

Theoretical literature on delegation demonstrated the relevance of the decision authority holder's (DAH's) and decision authority recipient's (DAR's) knowledge. However, there is still a lack of empirical literature, which mainly focused on the characteristics of the DAH. In this paper we contribute to this literature studying the hypothesized negative effect of the DAH's decision-specific knowledge, and the positive one of DAH's workload and DAR's decision-specific knowledge on the allocation of decision authority. Moreover, we investigate the interplay between workload and knowledge. In so doing, we focus on the delegation of a strategic decision in the dyadic relation between the CEO and the TMT's manager responsible for the decision domain taken into account. Logit estimates on a sample of Italian firms partially confirm hypotheses.



SESSION 421

MOBILITY OF HUMAN ASSETS

TRACK A	Date	Friday, Mar 31
	Time	17:00 – 18:15
Common Ground Session	Room	35

Session Facilitator: Benjamin Campbell, *Ohio State University*

Are There Currents in Worker Flows? Studying Organizational Specialization in Worker Experience at Hire

Tiantian Yang, *Duke University*
Matthew Bidwell, *University of Pennsylvania*

Worker mobility represents a flow of critical resources from one organization to another. We know little, though, about the patterns of those moves: are some organizations systematically more likely to be upstream in those flows, hiring inexperienced workers and losing them to downstream organizations that hire experienced workers? We study the direction of worker mobility using matched employer-employee data on young Swedish workers. We find strong evidence of structured, cross-firm progression, with organizations showing marked differences in the experience level at which they tend to hire workers. We also find that experience at hire is lower in larger, slower growing firms in lower paying industries. However, these characteristics explain only a small proportion of cross-organization differences, suggesting that many other factors are in play.

The Streetlight Effect: Quantifying Inventor Mobility, Knowledge Diffusion and Compensation Outcomes

Justin Frake, *University of Maryland*
Rajshree Agarwal, *University of Maryland*
Martin Ganco, *University of Wisconsin-Madison*

Inventor mobility and entrepreneurship are key channels for diffusion of knowledge across firm boundaries. An extensive literature has examined the issue, largely relying on patent based measures of mobility. In this study, we compare inventor mobility patterns across the Disambiguated Patent Inventor Database and the Longitudinal Employer-Household Dynamics (LEHD) program at the US Census Bureau. We extend the literature by quantifying concurrent mobility events within the source-recipient firm dyad and examining the resultant knowledge diffusion and compensation outcomes.

They Come, They Go, but Relationships Stay: Contracting Strategy and the Effects of Employee Mobility

George Chondrakis, *Pompeu Fabra University*
Mari Sako, *Oxford University*

Employee mobility between buyers and suppliers has profound effects on firm performance. However, research to date has paid less attention to buyers' multiple trading ties. We analyze data on the allocation of patent prosecution work to different law firms by Fortune 500 companies, and show that the effects of employee mobility on supplier outsourcing are moderated by the buyers' contracting strategy. In particular, supplier reliance, stability and capability breadth attenuate the negative effects of employee departures from the focal supplier to other competing suppliers and the positive effects of supplier employee gains from other competing suppliers. This project helps explore the heterogeneous effects of employee mobility by linking the human and social capital literature to the contracting literature central to theorizing about inter-organizational relationships.

Between- and Within-Unit Effects of Collective Involuntary and Voluntary Turnover on Performance

Mark Maltarich, *University of South Carolina*
Greg Reilly, *University of Connecticut*
Chris DeRose, *CDA*

Our study pulls apart differential causes and effects of collective voluntary and involuntary turnover. We examine the effects of collective VTO and ITO on unit performance from both between-unit, and within-unit over time, perspectives. We further explore the relative impact of several mediating variables on these relationships including human capital quality, workload and unit-level organizational commitment. We test our hypotheses on a large sample of units that are part of a single retail company over a forty month time period.

The Butterfly Effect in Strategic Human Capital

Ithai Stern, *INSEAD*
Xin Deng, *Shanghai University of Finance and Economics*
Huasheng Gao, *Nanyang Technological University*
Guoli Chen, *INSEAD*

We propose and test a theoretical model which suggests that while increasing performance and decreasing turnover, employee-relations practices also increase vulnerability to external events, which are outside of the organization's control. In particular, we theorize and show that external events increase turnover, and that this turnover has a significantly more negative effect on the performance of organizations which use employee-relations practices. We use the Fukushima nuclear accident in Japan as an exogenous event, showing how it affected the employee turnover rate and performance of companies located thousands of miles away in the U.S.

Adding a Temporal Dimension to the Study of Prolific Inventor Mobility

Daniel Tzabbar, *Drexel University*
Barak Aharonson, *Tel Aviv University*

Organizations commonly recruit competitors' prolific inventors as an attempt to gain immediate return on investment through new hire productive efforts. Counter to prevailing views our results show that the recruitment of prolific inventor results in short term decline in their likelihood to patent post mobility. Yet this duration vary by firm life stage and levels of intellectual capital. Specifically, we show that the duration of this decline is longer for early stage firms relative to firms in other life stages, but much shorter if those firms have high levels of intellectual capital. The results provide stepping-stones for future theoretical and empirical work pertaining to recruitment and a firm's innovative success across firm different firm life-stage. Practical implications of the findings are also discussed.

SESSION 427

STRUCTURING AND RECONFIGURING HUMAN ASSETS

TRACK A	Date	Friday, Mar 31
	Time	17:00 – 18:15
Paper Session	Room	33

Session Chair: John Mawdsley, *HEC-Paris*

Towards a Organizational Task Taxonomy: Productivity Implications

Tiago Fonseca, *Technical University of Lisbon*
Francisco Lima, *Technical University of Lisbon*
Sonia Pereira, *Columbia University*

Firms are adapting their workforce due to recent technologies adoption. We develop a taxonomy that classifies firms by its workforce task intensity. Three main organizational task structures are identified: Abstract, Manual and Routine. Abstract are high-skilled intensive, Manual are low-skilled and Routine are focused on repetitive work. We apply this taxonomy to study productivity dynamics of Portuguese firms. Our results show that Abstract firms are the most productive and that this structure is becoming more popular. Manual are the least productive, with a stable share over time. Routine's productivity lies between the other two and its share failing. We conclude by showing that overall productivity has increased due to a sharp increase of Abstract firms' productivity together with low productivity Routine firms fading away.

Always Change a Winning Team: Resource Reconfiguring in Human Asset Intensive Firms

Philipp Meyer-Doyle, *INSEAD*

John Mawdsley, *HEC-Paris*

Olivier Chatain, *HEC-Paris*

We examine how and under what conditions human asset intensive firms reconfigure their human assets for new projects. Making use of micro-data on how M&A law firms configure lawyer teams on incoming mandates, we find that law firms persistently reconfigure their lawyer teams for incoming mandates, forgoing the synergies of tried-and-tested teams. Yet, interestingly, law firms are less likely to reconfigure and more likely to rely on tried-and-tested lawyer teams the larger the mandate is and the more important the client is to the law firm. Further, clients' demands and the capacity constraints of individuals can also hinder the firm's ability to reconfigure its human assets. Our paper contributes to the literatures on strategic human capital and the micro-foundations of the resource-based view.

Microfoundations of Firm Survival: Replication and Mutation through Personnel Changes

Nicolas Megow, *University of Paderborn*

Rudiger Kabst, *University of Paderborn*

The replication and mutation mechanisms in evolutionary theory of capability formation and search behavior are incomplete. We propose the introduction of structural coupling from sociology to complete the picture. Structural coupling refers to the institution of roles to allocate individual employees to tasks and, thus, cumulatively orchestrating the processes of a firm. Changes in personnel serve to replicate and potentially mutate the firm on a micro-level. Based on this concept, we venture to explore the effects personnel changes have on strategic change and renewal in a set of case studies. As personnel changes and the respective human capital management practices are an everyday activities for firms, an effect on strategic change or renewal could provide a different perspective for the design of these practices.

Leading in the Blended Workplace: Exploring Tensions and Effective Managerial Approaches

Claudia Manca, *KTH Royal Institute of Technology*

Matti Kaulio, *KTH Royal Institute of Technology*

Mercedes Grijalvo, *Polytechnic University of Madrid*

Miguel Palacios, *ESCP Europe*

Today, organizational contexts increasingly blend collocated and distributed work, which occurs across different times and locations. Blended workplaces changed the way people collaborate and coordinate themselves, challenging the traditional paradigm for managerial effectiveness. Nonetheless, only few studies addressed the new challenges for people and teams working in these environments, and the effective approaches that managers use to address these challenges. To get new insights, we adopted a paradox approach which aims to examine the tensions operating in these environments, the managerial options for handling them and the connections between different levels of analysis. The study consisted of a comparative qualitative case analysis, which involves managers and their collocated and distributed employees from companies that work with flexible work designs.

SESSION 440

ORGANIZING ACROSS BORDERS

TRACK B	Date	Friday, Mar 31
	Time	17:00 – 18:15
Paper Session	Room	34

Session Chair: Carlo Salvato, *Bocconi University*

Regional Management Structures for Global Firms: The Challenge of Human Capital Heterogeneity

Richard Smith, *Singapore Management University*

Kannan Srikanth, *Singapore Management University*

Howard Thomas, *Singapore Management University*

Multinational firms have historically organized and managed on a regional basis stemming from efficiencies in proximity. This traditional "regiocentrism" view has created familiar patterns in practice such that it is common for firms to collectively manage regions (group countries

based on geographic proximity) such as Asia-Pacific, Latin America and Africa. However, recent developments such as the ubiquity of information and communication technologies along with differential growth rates in geographically proximate countries suggest that differences rather than commonalities have become the norm across borders. Human capital management is influenced by globalization, and perhaps most vividly poses a challenge to the relevance of geographic regional structure. We offer an alternative basis for grouping as a first step towards a future research stream the management of human capital.

Offshoring Drivers and Governance Mode Choice: The Moderating Effect of Knowledge Intensive Activities

Carmen Paz-Aparicio, *Carlos III University of Madrid*

Fernando Muñoz-Bullon, *Carlos III University of Madrid*

Maria J. Sanchez-Bueno, *Carlos III University of Madrid*

This study explores how the drivers associated with the decision to offshore impact upon the offshoring governance mode companies select for their delocalized activities, whether captive or outsourced. Furthermore, we propose that the offshoring of knowledge-intensive activities may influence this relationship. The empirical evidence is supported with data from the Offshoring Research Network from 2005 to 2011. Our results show that strategic drivers have become primary determinants prompting firms to offshore services by pursuing a captive mode. We have also found that offshoring practices involving knowledge-intensive activities promote a stronger positive relationship between strategic drivers and a captive governance mode.

How Do Dynamic Capabilities Emerge and Operate? A Longitudinal Field Study

Carlo Salvato, *Bocconi University*

Guido Corbetta, *Bocconi University*

Organization-level approaches portray dynamic capabilities (DCs) as collective endeavors but do not specify how they emerge and operate. Micro-foundational approaches illuminate actors' contributions but reduce DCs to the actions of a few top managers. We address this conflict between macro- and micro-level views through a longitudinal field study of the M&A DC developed by one of the leading firms in the spirits industry, which performed 30 acquisitions across 20 years of its history. We develop a multi-level theory of dynamic capabilities (DCs) that explains resource dynamics by giving a central role to the meso-level of interpersonal interactions and that sees DCs as effortful social accomplishments that aggregate up from individual employees' capacity to leverage interpersonal relationships conducive to productive dialogue that facilitates communication and coordination.

How and When Acqui-hires Create Value for Acquirers: A Real Options Analysis

Beril Boyacioglu, *Koc University*

Mahmut N. Ozdemir, *Koc University*

Acqui-hiring refers to the acquisition of a start-up and hiring of its founder and key employees by an established firm. The primary goal of an acqui-hire is to use the talented human capital of the start-up to create new products and markets. While there is growing research on acqui-hires, extant work explains little the different types of acqui-hires and how they can create value for acquirers. In this paper, we draw on real options theory to explicate two different types of acqui-hires, to identify the different sources of value they generate and to establish the conditions under which the value generated by one type of acqui-hire dominates the other.



SESSION 446

ORGANIZATIONAL LEARNING

TRACK B/D	Date	Friday, Mar 31
	Time	17:00 – 18:15
Paper Session	Room	31
Session Chair:	Samina Karim, <i>Northeastern University</i>	

Exploring Heuristics in the Strategy Process: The Relationship to Scope of Actions and the Environment

Madeleine Rauch, *European University Viadrina Frankfurt*
 Matthias Wenzel, *European University Viadrina Frankfurt*
 Jochen Koch, *European University Viadrina Frankfurt*

While much of the literature on heuristics has discussed the functionality of heuristics, literature has devoted far less attention on underlying assumptions of immediate connection to the environment and strategic options. In this paper, we explore how heuristics actually work and their relationship with scope of actions and the environment. Our analysis of a large broadcasting company suggests that firms use different heuristics and invest substantive efforts in separating their use. We illustrate how heuristics may not yield a better performance due to the absence of strategic options and misalignment with the environment. Our findings draw a more nuanced picture and extends the discourse on heuristics by introducing the aspect of generational capability, which allows firms to generate strategic options, and their relevance for heuristics.

Reputation, Learning and Heterogeneity in a Collaborative Community: An Agent-based Simulation Study

Dorthe Haakonsson, *Aarhus University*
 Lars Bach, *Aarhus University*
 Charles Snow, *Penn State University*
 Borge Obel, *Aarhus University*

A collaborative community is an emerging organizational form that is increasingly being used in knowledge-intensive environments where success depends heavily on the ability to collaborate. In an agent-based simulation study, we examine how the dynamics of a collaborative community are affected by the: (a) initial number of members of each type, (b) member heterogeneity, (c) reputation of members, (d) matching of members, and (d) recruitment of new members. The simulation results show that homogeneous communities are more stable in the initial phase, but possess less adaptive potential compared to heterogeneous communities. The simulation allows us to explain the fundamental behavior of a collaborative community during the formation and early growth stages, and we discuss the implications of our findings for the design of collaborative communities

How Exploration–Exploration Is Made: Some Experimental Evidence

Sheen S Levine, *University of Texas – Dallas*
 Charlotte Reypens, *University of Texas – Dallas*
 Christoph Riedl, *Northeastern University*

Why are some entrepreneurs quick to explore new paths while others continue to pursue past, sometimes outdated, strategies? What is the role of individual characteristics, such as ambiguity aversion, and experiences, such as past success? March's (1991) distinction between exploration and exploitation is germane here, yet most research has studied it in competition, telling us little about how individual decision-makers behave. To investigate, we developed two behavioral instruments to measure risk and ambiguity preferences and observe actual exploration–exploitation decisions. We employ protocol analysis and conduct four incentivized experiments, in the laboratory and the field, in the Western world and outside it. We find that recent experience matters: Three specific experiences drastically inhibit exploration. We offer some concrete suggestion for understating exploration–exploitation decisions.

Product Market Exit and Innovation Capability Erosion: The Role of Strategic Human Capital

Sina Khoshokhan, *Boston University*
 Samina Karim, *Northeastern University*

Capabilities are widely studied to explain heterogeneity in organizational performance among firms. Extant literature from a resource-based perspective shows that strategically relevant capabilities can be both built and lost. However, while capability development has been the subject of extensive amount of research, capability erosion has received much less attention. To address this gap, we examine innovation capabilities of the firms in medical devices industry from 1989-1997 and show how product market exit can lead to innovation capability erosion. We highlight the prominent role of strategic human capital in this process and show how human resources' departure, addition, and mobility within the organization can accelerate or mitigate the rate of this erosion.

SESSION 414

CORPORATE GOVERNANCE AND INNOVATION IN ENTREPRENEURIAL FIRMS

TRACK D	Date	Friday, Mar 31
	Time	17:00 – 18:15
Paper Session	Room	32
Session Chair:	Dylan Minor, <i>Northwestern University</i>	

A Cognitive Perspective on Evolving Governance in Entrepreneurial Threshold Firms

Caroline Kaehr Serra, *McGill University*
 Jana Thiel, *ETH Zurich*

Major growth challenges for entrepreneurial firms occur during their transition from founder-led start-ups to professionally managed firms. During this threshold time, new modes of governance are commonly introduced to which organizational members need to adapt. We posit that successful adaptation requires key members of a firm to change their cognitive models. We use a multi-case study of six Silicon Valley-based ventures to explore those cognitive changes within the context of a major governance shift from founder to professional CEO. Our analysis focuses on interpretive schemes of key organizational logics and the presence of catalysts guiding cognitive change. By contrasting our case material with exogenous performance data, we develop propositions about key conditions that support a successful adaptation from nascent to mature governance in threshold firms.

Corporate Governance and the Rise of Integrating CSR Criteria in Executive Compensation: Antecedents and Outcomes

Dylan Minor, *Northwestern University*
 Caroline Flammer, *Boston University*
 Bryan Hong, *Western University*

This study examines the antecedents and consequences of integrating corporate social responsibility (CSR) criteria in executive compensation, a relatively recent practice in corporate governance. Using a novel database of CSR contracting, we find that CSR contracting is more prevalent in emission-intensive industries and has become more prevalent over time. When we examine the impact of CSR contracting on firm-level outcomes, we find that the adoption of CSR contracting leads to i) a reduction in managerial short-termism; ii) an increase in firm value; iii) an increase in social and environmental performance (especially with respect to the environment and communities); iv) a reduction in emissions; and v) an increase in green innovations. These findings are consistent with our theoretical arguments highlighting a new form of agency conflict.

Boards as Quality Signals and Value Creators in New Ventures

Michael S. Dahl, *Aarhus University*

Anders Frederiksen, *Aarhus University*

Lars Frederiksen, *Aarhus University*

We study the impact of boards and board members on start-up performance. For start-ups, boards are strategic human capital and thus part of mobilizing complementary assets. After formally developing an extended Spence signaling model we test its applicability on a data set of 171,304 start-ups in Denmark from 2001-2012. We conclude by discussing how boards work as both value creators as well as legitimizing signals for start-ups.

Exploratory and Exploitative Innovations: The Influence of Director Interlocks and CEO Narcissism

Nongnapat Thosuwanchot, *Nanyang Technological University*

Eugene Kang, *Nanyang Technological University*

This study aims to examine the influence of the corporate governance structures and upper echelons of a firm on the firm's emphasis on exploratory and exploitative innovations. Even though both exploratory and exploitative innovations can contribute to firm performance, their opposing nature gives rise to a concern regarding the inherent trade-offs by firms' executives. Specifically, we posit that different types of director interlocks, i.e., intra- vs. extra-industry interlocks, have different impact on the extent that firms engage in exploratory and exploitative innovations. We also posit that firms with narcissistic CEOs engage more in exploratory innovation. Moreover, we expect managerial discretion to act as a boundary condition which results in CEOs' preferences for exploratory or exploitative innovations to change under some circumstances.

19:30 – 21:30

CONFERENCE DINNER AT THE MUSEUM OF SCIENCE AND TECHNOLOGY

SESSION 408

METHOD ISSUES IN STRATEGIC HUMAN CAPITAL AND MANAGEMENT PRACTICES**TRACK PLENARY****Date** Saturday, Apr 1**Time** 08:30 – 09:30**Plenary Panel****Room** Peregó**Method Issues in Strategic Human Capital and Management Practices****Session Leader**Alfonso Gambardella, *Bocconi University***Panelists**Jerome Adda, *Bocconi University*Henrich R. Greve, *INSEAD*Eliana La Ferrara, *Bocconi University*Will Mitchell, *University of Toronto*

Linking human capital, organizational design and performance presents deep challenges related to methods and data availability. This panel will explore these challenges, focusing on themes such as identification, micro-issues, and the possibility of using experimental methods.



JEROME FRANS ADDA is a Professor of Economics at Bocconi University. Previously he was Professor of Economics at the European University Institute - Florence and Professor of Economics at University College - London. He is the Joint Managing Editor - Review of Economic Studies, and a Research Fellow at CEPR, IGER, the Institute for Fiscal Studies, and IZA. Jerome Adda received his Diplôme d'Ingénieur Agronome at Institut National Agronomique de Paris (equivalent to MSc in math and biology), MSc in economics and statistics at ENSAE (INSEE) Paris, Ph.D. in Economics at Université Paris-I Sorbonne with Distinction. His research focuses on labor economics, health economics, and macro-economics, and has been published in MIT Press, and upcoming issues of Journal of Political Economy and the Quarterly Journal of Economics.



HENRICH R. GREVE is a Professor of Entrepreneurship and Organizational Behavior at INSEAD. His main interest is the causes and consequences of strategic change in organizations, but he also studies organizational innovations, and organizational founding and growth in young industries. He has published over 50 articles in journals including Administrative Science Quarterly, Academy of Management Journal, Strategic Management Journal, American Journal of Sociology, and Management Science. Henrich Greve has authored the book *Organizational Learning From Performance Feedback: A Behavioral Perspective on Innovation and Change* (Cambridge University Press, 2003) and co-edited the book "Multiunit Organization and Multiunit Strategy" (Advances in Strategic Management, vol. 18, with J.A.C. Baum). He is an associate editor of Administrative Science Quarterly, and has previously been a Senior Editor in Organization Science. He has served as the Program Chair and Division Chair of the Organization and Management Theory (OMT) Division at the Academy of Management.



ELIANA LA FERRARA is the Fondazione Romeo ed Enrica Invernizzi Chair in Development Economics at Bocconi University. She received her degree in Economic and Social Sciences from Bocconi University in 1993, and her PhD in Economics from Harvard University in 1999. She is the Vice-President of the European Economic Association, and is a research fellow of Bureau for Research in Economic Analysis of Development, Centre for Economic Policy Research, Innocenzo Gasparini Institute for Economic Research, and European Development Research Network. Her research areas include development economics, political economies, and public economies. She has been published in several leading journals, including the American Economic Journal: Applied Economics, American Economic Review, Economica, and the Journal of Public Economics.



WILL MITCHELL is Professor of Business Administration in Strategy and the J. Rex Fuqua Professor of International Management at Duke University's Fuqua School of Business. He is a faculty associate of Duke's Center for Entrepreneurship and Innovation, Health Sector Management Program, and Global Health Initiative. Will Mitchell teaches corporate strategy, business dynamics, and health sector strategy in the MBA, MMS, Ph.D., and Executive Education programs at Duke, as well as in partnership programs in Africa and elsewhere. He studies business dynamics, focusing on how businesses in developed and emerging markets change as the competitive environments change and, in turn, how the business changes contribute to ongoing corporate success or failure. Will Mitchell is a former SMS board member, a member of the SMS Fellows Group, a co-editor of SMJ, an editorial board member of several strategy-related journals in North America, Asia, and Europe, and a board member of Neuland Laboratories, Ltd.

SESSION 412

STRATEGY EXECUTION: FRAMING THE HUMAN CAPITAL AGENDA – BY SCOTT SNELL

TRACK PLENARY	Date	Saturday, Apr 1
	Time	09:30 – 10:15
Keynote	Room	Perego

Strategy Execution: Framing the Human Capital Agenda

Session Moderator
Patrick Wright, *University of South Carolina*

Keynote Speaker
Scott Snell, *University of Virginia*

In many industries, strategy alone does not differentiate top vs. bottom quartile firms. Rather, execution may be more critical to performance. To learn more, we worked with CHROs from over 50 companies to find how they view strategy execution, and used this to frame research around the role and importance of human capital. You might find the results to be surprising.



SCOTT SNELL is the E. Thayer Bigelow Professor of Business Administration at the University of Virginia's Darden Graduate School of Business. He teaches courses in Leadership, Strategic Management, and Developing Organizational Capability. His research focuses on strategic human resource management, and he was recently listed among the top 150 most-cited authors in the field of management. His research has been published in number of journals such as the *Academy of Management Journal*, *Academy of Management Review*, *Strategic Management Journal*, *Journal of Management*, *Journal of Management Studies*, and *Human Resource Management*, and he has served on the boards of the Society for Human Resource Management Foundation, the Academy of Management's Human Resource Division, the *Human Resource Management Journal*, the *Academy of Management Journal* and the *Academy of Management Review*. Scott Snell has worked with companies such as AstraZeneca, Deutsche Telekom, Shell, and United Technologies to align investments in talent and strategic capability.

10:15 – 10:45
COFFEE BREAK



SESSION 405

HUMAN CAPITAL VALUE CREATION AND VALUE CAPTURE

TRACK A	Date	Saturday, Apr 1
	Time	10:45 – 12:00
Paper Session	Room	32

Session Chair: Shad Morris, *Brigham Young University*

Capturing Value from Human Capital: a Study of Value Appropriation in Mutual Funds

Victoria Sevcenko, *London Business School*
Sendil Ethiraj, *London Business School*

How do firms capture value from human capital? Extant literature argues that to boost their bargaining power vis-à-vis their employees, firms rely on exogenous labor market frictions or explicitly limit the mobility and skill transferability of their workers. The empirical evidence, however, indicates that employees are mobile in spite of such frictions and limitations, and firms pay premiums to attract and retain workers with transferable skills. To reconcile theory with data, we use the context of the mutual-fund industry, where it is widely documented that active fund managers appropriate more value than they generate. We develop a theory of positive externalities stemming from transferable human capital that accrue mostly to the firm, and provide evidence of such externalities in the mutual fund context.

How Much is a Manager Worth and to Whom? Managers' Abilities, Firm Performance and Compensation

Federica De Stefano, *Bocconi University*
Matthew Bidwell, *University of Pennsylvania*
Arnaldo Camuffo, *Bocconi University*

This study investigates the relationship between abilities and pay for managers below the executive level. Using an original and unique longitudinal data-set from a world's leader in the restaurant industry, we explore if and to which extent differences in managerial abilities explain differences in compensation. We find that differences in managerial pay are significantly smaller than differences in managerial abilities and that the firm does not assign better managers to positions that are more important. Our findings support the recent arguments that employers and employees do not objectively evaluate human capital. This study provides, at least to our knowledge, one of the first studies on the relationship between managers' individual contribution to value creation and managers' pay for managerial positions below the C-level.

Talking Tough or Doing Good? Bargaining Ability, Mobility Constraints, and Human Capital-Based Competitive Advantage

Christian Asmussen, *Copenhagen Business School*
Russell Coff, *University of Wisconsin-Madison*
Jacob Lyngsie, *University of Southern Denmark*

Human capital has long been highlighted as a key potential source of sustained competitive advantage. However, it is also well known that workers, under certain conditions, may be able to appropriate the full value of their human capital. We address this dilemma by incorporating theoretical perspectives from two related literatures—bargaining theory and supply side mobility constraints—that illuminate the mechanisms affecting worker rent appropriation. We thus argue that a firm may enjoy a competitive advantage in accessing and deploying human capital because it has superior bargaining abilities, or through unique attributes that help it attract, motivate, and retain workers. We formalize these arguments using coalitional game theory and empirically explore wage setting across a large sample of workers and firms.

The Role of Employees in Creating Firm Value: a Process Approach to Exploration and Exploitation

Ryan Allen, *Brigham Young University*
Shad Morris, *Brigham Young University*
James Oldroyd, *Brigham Young University*
Daniel Han Ming Chng, *CEIBS*
Jian Han, *CEIBS*

Organizational learning is recognized as an important strategic capability, but current theories have yet to make the link between individual and organizational learning. Using interview data gathered from 70+ employees from 23 multinational corporations in China, we were able to develop theory for how individuals actually commence explorative and exploitative processes of learning. We found that both exploration and exploitation consist of search and combination behaviors. Those involved in exploration focused on questioning existing assumptions to identify unique problems and then reaching outside of their local boundaries to uncover principles to apply to unique solutions, while those involved in exploitation focused on efficient delivery by understanding explicit needs of customers to align expectations, and then reaching out to replicate templates to provide an efficient solution.

SESSION 406

RETAINING HUMAN CAPITAL

TRACK A	Date	Saturday, Apr 1
	Time	10:45 – 12:00
Common Ground Session	Room	35

Session Facilitator: Scott Snell, *University of Virginia*

It Takes Two to Tango: the Supply Side of Employee Poaching

Arianna Marchetti, *INSEAD*
Ithai Stern, *INSEAD*

It has long been known that individuals embody important knowledge and capabilities that firms need to keep abreast of competition. So why are we not seeing more poaching of strategic human capital? We suggest that the answer lies in the supply side: Hiring employees from rival firms has to be more difficult than one might expect. We illustrate the plausibility of this thesis by showing the significant influence of such seemingly mundane factors as career recognition, exposure to opportunities, and organizational boundaries' perception, on the likelihood of losing a key employee to a competitor. We find strong support for our hypotheses using an extensive sample of 27,716 inventors who filed at least one patent application at the European Patent Office between 1999 and 2013.

Keeping "Big Fish In The Pond": The Challenges of Managerial Retention during Multiple Acquisitions

Jie Feng, *Rutgers University*
Jiajia Chen, *California State University, East Bay*
Mingxiang Li, *Florida Atlantic University*

Although the strategic human capital literature has acknowledged the importance of retaining acquired managers, little is known about how acquiring firms improve managerial retention in post acquisition. Moreover, prior studies tend to view acquisition as a one-time event, thus it limits our understanding of managerial retention during multiple acquisitions. Drawing from a dynamic view of relative standing in the firm, we focus on the contingencies that influence turnover likelihood of acquired managers especially in firms with multiple acquisitions. Our theoretical argument suggests that acquired managers are more likely to depart than their counterparts, however, promotion, pay dispersion, expatriate assignment and flows of the acquired peers may influence the likelihood of voluntary turnover. We test our hypotheses with a longitudinal dataset from a Fortune 500 company.

Managing Overqualified Employees: Examining Turnover and Performance Implications of Excess Human Capital

Frederick Bentley, *Rutgers University*
Rebecca Kehoe, *Rutgers University*
David Allen, *Rutgers University*

Although strategic human capital research leans toward a “more is better” perspective on human capital, research on overqualification suggests that employees with knowledge exceeding the requirements of a job may present a dilemma for organizations – with such employees simultaneously demonstrating higher performance and higher turnover than their peers. We draw on person-job fit and relative deprivation perspectives to examine the effects of overqualification on employee performance and turnover, as well as introduce task variety as a moderator in these relationships, suggesting that greater task variety may mitigate boredom and enhance mental stimulation for overqualified employees, thereby strengthening the positive relationship between overqualification and performance and weakening the positive relationship between overqualification and turnover. Implications for research on overqualification and strategic human capital are discussed.

Not Moving? Me Neither. When Mobility Constraints Constrain the Unconstrained

Evan Starr, *University of Maryland*
Justin Frake, *University of Maryland*
Rajshree Agarwal, *University of Maryland*
J.J. Prescott, *University of Michigan*

Firms retain human capital and maintain competitive advantage by imposing mobility barriers on employees, often requiring them to sign noncompete agreements. We examine the “external” effects of the use of noncompetes on other individuals not bound by such constraints. Our hypothesis development builds on vacancy chains and social comparison theory, and our empirical tests rely on a unique dataset that discerns among constrained and unconstrained individuals, and allows tests of alternative explanations. We predict and find the unconstrained are less mobile in the presence of more constrained individuals, and this effect is stronger in the presence of high noncompete enforceability, or in thin human capital markets. Our paper has numerous theoretical, managerial and policy implications for strategic human capital.

Retaining Human Capital Through Imperfectly Imitable Worker Incentives

David Kryscynski, *Brigham Young University*
Brooks Holtom, *Georgetown University*

This paper empirically explores the strategic implications of imperfectly imitable incentives – i.e. worker incentives that are difficult for competitors to imitate and/or replicate. We argue that imperfectly imitable incentives increase individual job satisfaction, affective commitment and job embeddedness and, that by increasing these three aspects of an individual's relationship to the firm they also increase employee retention and performance. We also argue that these incentives increase firm level retention and decrease firm-level wage-tenure slopes. We test our hypotheses using a two study design. Study 1 is a firm level study of 275 software firms and study 2 is an individual level study of 279 employees from two technology companies. Results from both studies support our hypotheses.

Adding Assets, Losing People: The Contingent Relationship Between Acquisitions and Managerial Mobility

Nilanjana Dutt, *Bocconi University*
Bernardo Dionisi, *Bocconi University*
Petrus Maria Snoeren, *Tilburg University*

Especially when undertaking major structural changes such as acquisitions, firms aim to retain their own and acquired human capital. Yet, under turbulent conditions, firms are more susceptible to losing human capital. In this paper we aim to understand which conditions amplify and attenuate these changes. Using computational and manual approaches, we classify acquisition events according to four rationales, and track associated in and outflows of managers. We find that indeed different types of acquisitions are associated with different changes in managerial mobility; while both acquirers and targets experience losses, only the acquirers experience inflows of managers, suggesting greater net losses for target firms. We examine these questions using a comprehensive dataset of all managers who worked in the global pharmaceutical industry from 1997 to 2016.

SESSION 439

ORGANIZATION AND GOVERNANCE

TRACK B/D	Date	Saturday, Apr 1
	Time	10:45 – 12:00
Paper Session	Room	33
Session Chair:	Barclay Burns, <i>University of Utah</i>	

All You Need Is CEO?

Christopher Hudyma, *University of Muenster*
Stephan Nuesch, *University of Muenster*

This paper examines how Chief Executive Officers (CEOs) affect the value-creation potential of cash holdings. We show that a CEO's capabilities, experience and optimism impact the value-creation potential of cash. Surprisingly, while capabilities and optimism positively moderate the cash-performance relationship, the opposite is true for experience. Our results have important implications for the role of the human capital provided by the CEO for the management of corporate resources and the effects on firm performance.

Why Do Managers Make Poor Governance Decisions? Evidence from an Organizational Economics ‘Strategy Game’

Michael Leiblein, *Ohio State University*
Robert Wuebker, *University of Utah*
Phillip Kilcrease, *University of Utah*
Todd Zenger, *University of Utah*
Barclay Burns, *University of Utah*

Numerous studies demonstrate correlations between indicators of behavioral and prospective uncertainty with governance choice. Yet the literature has been less successful in explaining the source of variance in these decisions. Behavioral strategy suggests that one possible answer to this question can be found in the cognitive and psychological attributes of the actors making those decisions. Our approach to test this conjecture is an experiment—an organizational economics ‘strategy game’, designed from the ground up to isolate and experimentally untangle decision-making challenges related to behavioral and prospective uncertainty. We posit that differences in overconfidence and locus of control—controlling for cognitive capacity—influence the make or buy decision in our ‘strategy game’.

Control and Performance: The Mediating Role of Board Proactivity in Hybrid Organizations

Marco Minicullo, *Catholic University of the Sacred Heart*
Matteo Pedrini, *Catholic University of the Sacred Heart*

This paper is aimed at deepening studies on how board proactivity (Du et al., 2011) can enhance performance, mediating the effect of control and coordination mechanisms. The paper will be focused on the hybrid relationship between Founder Firms and Corporate Foundations, to understand which governance mechanisms are more effective to improve performance. The results confirm that the higher the level of control and vertical integration exerted by a founder firm, the higher the level of performance in a CF, and that the same is valid for board proactivity and performance. Furthermore, board proactivity fully mediates the relationship between vertical integration and performance.

Is Owner-Management Costly?

William Schulze, *University of Utah*
Thomas Zellweger, *University of St. Gallen*

To date, the corporate governance and family business research literatures have focused on the harm agents may impose on owners and the harm principals may impose on other principals. The prospect that owners themselves may be a source of agency cost in private firms has received relatively little attention. In this paper, we integrate theory from the transaction costs economics and emerging modern property rights literatures with agency perspectives to argue that the threat of holdup makes it costly for owned-managed firms to protect agents from holdup, a form of owner opportunism. Owners face incentives that make it difficult for them to mitigate these threats. We explore the implications of this insight for the governance of private firms in general, and family firms in particular.



SESSION 444

RESEARCH METHODS AND HUMAN CAPITAL

TRACK C	Date	Saturday, Apr 1
	Time	10:45 – 12:00
Paper Session	Room	34

Session Chair: Joanna Tochman Campbell, *University of Cincinnati*

A Multi-Method Examination of the Microfoundations of Competitive Imitation through External Knowledge Sharing

Joanna Tochman Campbell, *University of Cincinnati*
 Scott Dust, *Miami University*
 Duane Ireland, *Texas A&M University*

The purpose of our study is to introduce the phenomenon of knowledge pouring – the intentional, harmful sharing of valuable firm information with external actors. We delineate the differences between current conceptualizations of knowledge spillovers and pouring, introduce its mechanisms, and outline its boundary conditions. Importantly, we do so by combining two different samples and analytical approaches. In Study 1, based on regression analysis, we develop an initial understanding of how discrete factors influence individual propensity to pour knowledge. In Study 2, via the application of fuzzy set qualitative comparative analysis (fsQCA), we explore how they combine, and identify the types of individuals who are most prone to knowledge pouring. Through this, we highlight the promise of a configurational approach for strategic human capital research.

On the Long Term Performance Consequences of Entrepreneurs' Initial Human Capital Decisions

Vera Rocha, *Copenhagen Business School*
 Mirjam van Praag, *Copenhagen Business School*
 Timothy Folta, *University of Connecticut*
 Anabela Carneiro, *University of Porto*

The founder (team)'s human capital is a vital determinant of firm performance. This is a stylized fact. Less is known about the effect of the human capital of the first hires. We study the performance consequences of founders' choice of the initial workforce's human capital (quantity and quality), besides the human capital of the founder(s). The analysis is based on longitudinal micro-level register data and covers about 5,300 startups founded in the manufacturing industry. We acknowledge that initial hiring decisions are endogenous and, therefore, adopt an empirical approach that addresses different sources of endogeneity. We show that initial hiring choices have long lasting consequences for new ventures' survival, productivity, and growth. This has important implications, especially for new ventures established in rigid labor markets.

Studying Interactions between Management Activities – A Comparison of Hierarchical Linear Models and Neural Networks

Julia Ebert, *LMU Munich*
 Julian Huff, *functionHR GmbH*

The management literature has emphasized the role of interaction of management activities in producing organizational outcomes. However, empirically, it remains unclear whether interactions really make a difference to the combined effect. This inconclusiveness stimulated a methodological debate, questioning the common regression-based approach. We contribute to this debate by introducing Neural Networks as alternative and systematically compare them with Hierarchical Linear Modeling as state-of-the-art form of regression. We do so in the context of Strategic Human Resource Management, by applying both methods to novel linked employer-employee survey data. We employ a cross-validation approach to evaluate their performance on the empirical data. Although we do not detect substantial differences in the results we argue that Neural Networks provide a flexible methodological tool, valuable for future organizational research.

The Causal Effect of Patents on Inventor Mobility

Eduardo Melero, *Carlos III University of Madrid*
 Neus Palomeras, *Carlos III University of Madrid*
 David Wehrheim, *Carlos III University of Madrid*

We investigate the effect of obtaining a patent on the mobility of starting employee inventors. If patents serve as signals of inventor ability, they should increase the mobility of their authors. In contrast, if patents make their author's human capital more firm-specific because of appropriability reasons, they should have a detrimental effect on mobility. We draw on USPTO patent application data for the period 2001-2012 to investigate this question. Using examiner leniency as an instrumental variable for granted patents, we find that one additional patent decreases inventor mobility by about 23 percent. The effect is particularly large in discrete technologies, where patents are more effective, and for inventors with low firm-specific human capital (e.g., inventors with few co-authors). Overall, our evidence supports the appropriability hypothesis.

SESSION 416

STRATEGIC HUMAN CAPITAL AND INNOVATION

TRACK D	Date	Saturday, Apr 1
	Time	10:45 – 12:00
Paper Session	Room	31

Session Chair: Gianmario Verona, *Bocconi University*

Asymmetric Effects of Agency Risk on Firm Innovation: An Examination of State-Owned Enterprises

Nan Jia, *University of Southern California*
 Kenneth Huang, *National University of Singapore*
 Man Zhang, *Singapore Management University*

This study examines the asymmetric influence of agency risk on different types of innovation based on the multitasking model in agency theory. We study the context of Chinese state-owned enterprises (SOEs) which responded to the state's implementation of pro-innovation policy that disproportionately relied on the patenting rate to assess innovation performance. We find that SOEs with higher agency risk—enabled by lower alignment of managerial incentives with firm interests and weak political accountability of the monitoring government agency—produce general patents at a higher rate and novel patents at a lower rate after the policy implementation than before and than peer SOEs with lower agency risk. This suggests that the outcome of principal's promotion of innovation depends on the extent of agency risk in firms.

How Do Family Firms Grow? Innovative and International Growth Strategies and Family-firm Specific Drivers

Sebastian Hillebrand, *University of Hamburg*

According to Penrose (1959), the availability of resources and capabilities is the central determinant of firm growth. Based on the resource-based view (RBV), several scholars have acknowledged the unique resource endowment of family firms, putting these firms in an either particularly strong (Arregle et al., 2012; Zahra, 2003) or a particularly weak position to grow (Basly, 2007; Gallo & Pont, 1996). In fact, this study finds that family firms possess the resources required to grow through both innovation and internationalization. By investigating family firm heterogeneity in a resource-consuming environment, the analysis reveals that family firms with superior management expertise (i.e. non-family top management) and management practices (i.e. succession planning) are particularly well equipped with the resources necessary to grow through new products and new markets.

How Potential Consumers Can Help Firms' Strategists and Middle Managers Develop De Novo Value Propositions

Paola Cillo, *Bocconi University*

Richard Priem, *Texas Christian University*

Gianmario Verona, *Bocconi University*

Paola Zanella, *Bocconi University*

We build theory showing how potential consumers can help the top management and middle managers in established firms better complete their strategic roles of developing, evaluating and implementing new strategies based on de novo consumer value propositions. We identify the characteristics of particular potential consumers who are most likely to aid top management in co-producing the insights they need to develop such consumer-focused, new firm strategies. We also identify the characteristics, types and interaction sequence of those potential consumers who are most likely to aid middle managers in evaluating, (re)shaping and bringing to fruition these strategies. Lastly, our theory suggests that top manager-consumer and middle manager-consumer interactions will have salutatory follow-on effects that are likely to improve top manager-middle manager communications about new, consumer-focused strategies.

The Workforce Composition of Young Firms and Product Innovation

Bettina Müller, *Centre for European Economic Research (ZEW)*

Martin Murmann, *Centre for European Economic Research (ZEW)*

We investigate the extent to which complementarities between technical and business skills of founders and employees matter for the generation of market novelties by new ventures. Using data about German start-ups, we find that there are no complementarities between technical and business skills within the group of founders, but that there are significant complementarities between technically trained founders and employees who have business skills. This suggests that the innovation potential of start-ups by technically trained founders is best explored by hiring employees who are trained in business. However, a reverse relationship does not exist: There are no complementarities between founders with business skills and employees with technical skills.

12:00 – 13:15

LUNCH

SESSION 409

STRATEGIC HUMAN CAPITAL

TRACK PLENARY	Date	Saturday, Apr 1
	Time	13:30 – 14:30
Plenary Panel	Room	Perego

Strategic Human Capital**Session Leader**

Russell Coff, *University of Wisconsin-Madison*

Panelists

Matthew Bidwell, *University of Pennsylvania*

Clint Chadwick, *University of Kansas*

Heli Wang, *Singapore Management University*

Firms' human capital profiles may help to explain the widely different performance within industries. But, what exactly are the mechanisms that link such profiles to performance? And, what determines variation in value appropriated by human capital across firms?



MATTHEW BIDWELL is an Assistant Professor in the Management Department at Wharton. He got his PhD from the MIT Sloan School, and taught at INSEAD before joining Wharton. His research explores how firms manage their boundaries in acquiring human capital. For example, some of his research has examined firms' decisions about when to use independent contractors and outsourcing firms in carrying out knowledge intensive work, with a particular focus on the role of decision process and organizational politics. A more recent stream of research explores when firms choose to fill jobs by hiring workers rather than promoting internally, and what the consequences are of those decisions. His research has been published in *Academy of Management Journal*, *Administrative Science Quarterly*, *Industrial and Labor Relations Review* and *Organization Science*, and he has served on the editorial boards of *Academy of Management Journal*, *Academy of Management Review* and *Organization Science*.



CLINT CHADWICK is an Associate Professor of Strategy and Human Resource Management at the University of Kansas. He received his Ph.D. from the Wharton School and has previously served on the faculty of the University of Illinois and the University of Alabama in Huntsville. Clint Chadwick's research interests include the impact of human resource systems and human capital on firm competitiveness, downsizing, and organizational alignment. His work has appeared in such journals as *Organization Science*, *Strategic Management Journal*, *Journal of Management*, *Industrial Relations*, *Industrial and Labor Relations Review*, *Human Resource Management*, and *Human Resource Management Review*, and he currently serves as an Associate Editor at *Human Resource Management*. He is one of the founding members of the Human Capital Interest Group and has been active in the group since its inception.



HELI WANG is an Associate Professor in Management at Singapore Management University. Prior to joining SMU, she was at Hong Kong University of Science and Technology. Her research focuses on motivation issues in the resource-based view of the firm, human capital theory, stakeholders, corporate governance, and corporate social responsibility. She has published in journals including *Strategic Management Journal*, *Academy of Management Journal*, *Academy of Management Review*, and *Organization Science*, among others. She is currently serving as the associate editor of *Academy of Management Journal*. She previously served as the consulting editor of *Management Organization Review*, and editorial review board members of *Strategic Management journal*, *Strategic Organization*, and *Journal of Business Research*. She received a Ph.D. in Strategic Management from the Ohio State University in 2002.

SESSION 426

HISTORY AND EVOLUTION OF SHC RESEARCH AND PRACTICE

TRACK A	Date	Saturday, Apr 1
	Time	14:45 – 16:00
Paper Session	Room	31

Session Chair: Dana Minbaeva, *Copenhagen Business School*

Evolution of the Intellectual Structure of Human Capital Research: a Co-citation Analysis

Mehmet Ali Koseoglu, *Hong Kong Polytechnic University*
 Mehmet Yildiz, *Ankara Yildirim Beyazit University*
 Mehmet Barca, *Ankara Social Sciences University*
 Ismail Cagri Dogan, *Ankara Yildirim Beyazit University*
 Ihsan Aytekin, *Ankara Social Sciences University*
 Semih Ceyhan, *Ankara Yildirim Beyazit University*

Despite the fifty years of knowledge accumulation on human capital (HC) research, the literature lacks an investigation on its knowledge domain or intellectual structure. In this regard, the purpose of this study is to investigate the intellectual structure of HC research through bibliometric methods of citation and co-citation analysis. We trace the evolution of the field, map the field's intellectual structure on a multi-dimensional scale, and provide a global view of HC domain from longitudinal and structural perspectives by tracking the changes in citation patterns over time (1975-2016). Data are collected from the articles published in scientific journals within Business and Management categories of the ISI Web of Science database.

Human Capital Pipelines: Definitional Clarity, Typology, and Theoretical Implications

Aaron Hill, *Oklahoma State University*
 Janice Molloy, *Michigan State University*
 Clint Chadwick, *University of Kansas*

This paper addresses a problematic void in human capital scholarship. Specifically, the paper shows how prevailing conceptualizations of labor markets and sorting mechanisms fail to explain a ubiquitous phenomenon: human capital pipelines. We address this void by conducting a systematic literature review that we subsequently use to articulate prevailing conceptualizations, and to define and develop a typology of human capital pipelines. The typology identifies three major types of pipelines: internal, hiring, and career-choice pipelines. While identifying shared properties among pipelines, we show how each type of pipeline leverages particular labor market imperfections that typically conceived labor markets scholarship infrequently addresses. The article concludes by offering both examples of ways that human capital pipelines redirect scholarship and an agenda for future theoretical development and empirical research.

Microfoundations of Dynamic Capabilities and the Role of Human Capital: A Review and Research Agenda

José F. Molina-Azorin, *University of Alicante*
 Juan José Tarí, *University of Alicante*
 María Dolores López-Gamero, *University of Alicante*
 Jorge Pereira-Moliner, *University of Alicante*
 Eva M. Pertusa-Ortega, *University of Alicante*

Over the last twenty years, the dynamic capabilities view has gained increasing attention in the field of strategy. Moreover, over the last ten years, a new stream of research has emerged in our field, namely microfoundations. A joint analysis and integration of these perspectives are carried out in this paper. The main purpose is to advance the dynamic capabilities view by examining this perspective through the microfoundations lens and the role of human capital. Microfoundations may help to combine different views of the definition of dynamic capabilities. A review of the literature on microfoundations of dynamic capabilities and the role of human capital is conducted. Opportunities, challenges and suggestions for future research are discussed. An agenda to advance the integration of these perspectives is provided.

Building Credible Human Capital Analytics for Organizational Competitive Advantage

Dana Minbaeva, *Copenhagen Business School*

Despite the enormous interest in human capital analytics (HCA), organizations have struggled to move from operational reporting to HCA. This is mainly the result of the inability of analytics teams to establish credible internal HCA and demonstrate its value. In this research note, I stress the importance of conceptualizing HCA as an organizational capability and suggest a method for its operationalization. I argue that the development of HCA within an organization requires working with three dimensions of HCA: data quality, analytics capabilities, and strategic ability to act. Moreover, such work must be undertaken on three levels: individual, process, and structure.

SESSION 445

HUMAN CAPITAL IN LABOR MARKETS

TRACK A/D	Date	Saturday, Apr 1
	Time	14:45 – 16:00
Paper Session	Room	32

Session Chair: Joanna Tochman Campbell, *University of Cincinnati*

Hitting the “Grass Ceiling”: Informal Networks and Career Outcomes for Female Executives

Lee Biggerstaff, *Miami University*
 Joanna Tochman Campbell, *University of Cincinnati*
 Bradley Goldie, *Miami University*

The glass ceiling persists, potentially to the detriment of shareholders and other stakeholders. One factor that female professionals cite as contributing to the glass ceiling is the exclusion of women from male-dominated informal networks that are important for promotion and career advancement. In this study, we empirically test the impact of the CEO's participation in a male-dominated sport as a signal of his entrenchment in a male network. Specifically, we find that CEOs that play golf are significantly less likely to employ a female on their executive team, and that this relationship becomes more acute for CEOs who are frequent golfers; we find similar deleterious effects for executive compensation. We term this phenomenon “the grass ceiling.”

Compensation and Speed of Career Advancement through the Internal and External Labor Markets by Gender

Marta Elvira, *IESE Business School*
 Cristina Quintana-García, *University of Malaga*
 Isabel Villamor, *IESE Business School*

Studying the frequency and effects of the link between internal and external mobility is crucial to understand how executive careers advance and how gender inequality arises. In addition, the speed of career advancement matters for achievement, yet research on the determinants of such speed is limited. Specifically, gender differences in how both forms of mobility shape managerial career trajectories are underexplored. To fill this gap, our study aims at exploring whether internal and external moves have a different impact on the speed of advancement in executive careers, identifying gender differences in the influence of both mobility routes and understanding the impact of speed on compensation inequality.

Being Good is Not Enough: Overcoming Bias in Mobility and Advancement of Female Top Managers

Ulya Tsolmon, *Washington University in St. Louis*

This study examines the role of objective indicators of performance in bridging the gender gap in mobility and advancement of top managers. The main argument is that visibility and level of organizational performance help female managers get promoted. I document substantial gender gap in advancement of top managers and I find that female executives' mobility rate increases with disclosure and level of firm performance. However, the gender gap in promotions is bridged only for the very top women performers. This study is first to assemble large cross-country data of 946,172 top managers in 540,608 public and private firms to document and track mobility of 137,475 female top executives. Results point to important organizational factors that may facilitate career advancement of female top executives.



Questioning the Effect of Firm-Specific Human Capital on Staffing Decisions: An Experimental Approach

Federica De Stefano, *Bocconi University*
 Arnaldo Camuffo, *Bocconi University*
 Ekaterina Netchaeva, *Bocconi University*

The goal of this study is to investigate if, how and to what extent the need for firm-specific skills, at the job level, affects staffing decisions between internal and external candidates: does firm-specific human capital matter? We provide one of the first, at least to our knowledge, experimental study (involving MBA students and managers) on the effects of firm specific human capital on staffing decisions. We test the validity of the predictions of transaction cost and personnel economics on the conditions in which firms should rely on internal labor markets. We aim to shed clarity on the existing non-conclusive empirical findings on the relationships between firm-specific human capital and the selection of external over internal candidates.

SESSION 435

THE POWER OF INCENTIVES

TRACK B	Date	Saturday, Apr 1
	Time	14:45 – 16:00
Paper Session	Room	33

Session Chair: Flore Bridoux, *University of Amsterdam*

Complementarity of Performance Pay and Task Allocation

Bryan Hong, *Western University*
 Lorenz Kueng, *Northwestern University*
 Mu-Jeung Yang, *University of Washington*

Complementarity between organizational design elements has been argued to be one potential explanation for persistent performance differences across firms. We empirically test for the existence of complementarity between performance pay incentives and decentralization of decision-making authority for tasks. To address endogeneity concerns, we exploit regional variation in income tax progressivity as an instrument for the adoption of performance pay. We find systematic evidence of complementarity between performance pay and decentralization of decision-making from principals to employees. However, adopting performance pay also leads to centralization of decision-making authority from non-managerial to managerial employees. The findings suggest that performance pay adoption leads to a concentration of decision-making control at the managerial employee level, as opposed to a general movement towards more decentralization throughout the organization.

Heterogeneous Effects of Incentive Pay – the Moderating Effect of Market Competitiveness

Tobias Kretschmer, *LMU Munich*
 Guido Friebe, *Goethe University*
 Matthias Heinz, *University of Cologne*
 Pooyan Khashabi, *LMU Munich*

As incentive pay schemes have become prevalent to motivate employees, scholars have studied the effectiveness of such schemes based on various factors within organizations. Nevertheless, the impact of factors outside organizations – namely market competition – are as yet unexplored. In this study we design a natural field experiment on team incentives in a retail chain of 193 shops and 1,300 employees. Based on a randomly assigned incentive scheme (treatment), we explore the heterogeneous effect of incentive pay based on market-level indicators including competition level and demand nature.

Incentivizing Leaders to Monitor Team Production

Flore Bridoux, *University of Amsterdam*

I propose to carry out the first empirical study on how to incentivize leaders' monitoring in team production settings. Appointing a leader who promotes collective value creation by administering monetary sanctions to the other team members is a solution to the team production that is widely used in organizations. Yet, strategy scholars have paid scant attention to this governance instrument since the 1980s. The present work aims to shed new light on the effectiveness of leader sanctioning arrangements by building on research in social psychology and behavioral

economics and comparing experimentally three leader sanctioning arrangements that differ with regard to the incentives for the leader. This work has implications for the organizational design literature as well as for theories arguing for residual claimancy for monitors.

Serving Too Many Masters: Multiple Managers and Worker Performance

Athena Tsouderou, *IE Business School*
 Rocio Bonet, *IE Business School*
 Fabrizio Salvador, *IE Business School*

Project-based work has been going through fundamental transformations in the last decades, with the emergence of fluid teams that are frequently created to accomplish short-term tasks. This new matrixed form of organization requires workers to report to multiple managers simultaneously. Contrary to the prevalent view in the literature, we argue that there is a curvilinear relationship between the number of managers and worker performance. We also argue that the costs outweigh the benefits much sooner in the presence of complex tasks and a higher proportion of managers collocated with the worker. Using timesheet data from the software maintenance unit of a multinational, Fortune 500 IT company organized in fluid teams we empirically explore our arguments and find evidence for our hypotheses.

SESSION 441

ORGANIZING LEARNING AND INNOVATION

TRACK B	Date	Saturday, Apr 1
	Time	14:45 – 16:00
Common Ground Session	Room	35

Session Facilitator: Sheen S Levine, *University of Texas – Dallas*

Effects of Metaroutines on Multi-Level Ambidexterity: Case of New Product Introduction at Tata Motors, India

Saurav Snehrat, *Indian Institute of Management – Ranchi*
 Swarup Dutta, *Indian Institute of Management – Ranchi*

Building on the work of Adler et al (1999), this study explores the multi-faceted role of metaroutines in dealing with nested ambidexterity challenges experienced during New Product Introductions at Tata Motors, India. The study utilizes an in-depth multi-level case study highlighting the ambidexterity dynamics between strategic, business-unit and functional levels. We find that certain metaroutines, affect the process, nature and content of nested ambidexterity in New Product Introduction at Tata Motors. We argue that Metaroutine enabled approaches to Ambidexterity offer a distinct fourth form when compared with other academically established forms of Structural, Contextual and Temporal Ambidexterity.

Learning within Hierarchies: An Empirical Test and Extension of March (1991)

John Joseph, *University of California, Irvine*
 Luke Rhee, *New York University*
 Alex Wilson, *University of Minnesota*

In this study, we provide an extension and the first empirical test of March's Exploration and Exploitation in Organizational Learning (1991). Theoretically, we extend March's conclusions by examining the possibility that learning varies within the corporate hierarchy of a multidivisional firm. To do so, we consider the impact of turnover at the corporate-level and at the subunit level and their impact on the exploration-exploitation tradeoff. Empirically, we use directories from Motorola over a 24-year period, to construct employee turnover measures for the corporate office as well as for subunits (across lines of business and office locations). We pair this data with patenting behavior over the period to test our conjectures and better understand the exploration-exploitation impact of learning within hierarchies.

Investing in Agents' Trans-Specialist Understanding in Rivalrous Markets

Steven Postrel, *University of California, Irvine*

When diverse specialists must interact during projects to produce novel outputs—as in product development, film production, management consulting, etc.—preventing mismatches among their actions is paramount. Previous work has shown that such mismatches can be reduced either by increasing specialist problem-solving capability or by increasing trans-specialist understanding, the ability to predict whether another specialty can solve a given problem. This paper presents a formal model of factor-market and product-market competition in which firms choose how much to invest in each type of knowledge and studies how that is affected by the degree of firm-specificity of trans-specialist understanding and the level of product competition.

Organizational Innovative Ambidexterity and Dynamic Capabilities: Exploring the Interrelations Between Two Perspectives

Andrejs Cirjevskis, *RISEBA University*

This paper is based on two case studies research focusing on innovative ambidexterity as well as on the concept of dynamic capabilities. The aim of the paper is to explore the interrelations between these two perspectives and to connect them. The findings in the paper demonstrate that the somewhat elusive concept of dynamic capabilities can be untangled through the use of exploration and exploitation activities. The dynamic capabilities and the associated innovative ambidexterity create flows of innovative products and services that in turn lead toward the creation of sustained competitive advantages. The paper demonstrates that the existing research on innovative ambidexterity activities can be a key contributor to increasing our understanding of dynamic capabilities. Those findings are valuable for both researchers and practitioners.

Synthesizing the Knowledge Base on Absorptive Capacity – A Meta-Analysis

Noora Marttila, *University of Bern*

Isabelle Notter, *University of Bern*

Simone Schweiger, *University of Bern*

Tatiana Stettler, *Kent State University*

Artur Baldauf, *University of Bern*

A firm's ability to identify, assimilate, transform, and apply knowledge, i.e. firms' absorptive capacity (ACAP), is vital for organizational performance. Consequently, the ACAP-performance relationship has been investigated intensively. However, the exact nature of it remains unclear. Specifically, there is variance in effect size and direction. Furthermore, the influence of contingency factors has been explored insufficiently within the ACAP-performance relationship. We perform a meta-analysis to investigate this relationship, and the degree to which it is depending on differences in ACAP and performance measurements, organization size, and industry. We find that while ACAP is positively related to performance, the relationship is dependent on the abovementioned factors. This study significantly advances research on ACAP and organizational performance by providing nuanced insights into how these constructs are truly related.

Unveiling the Drivers of Family Firm Innovation Gains Across Generations

Sebastian Hillebrand, *University of Hamburg*

The generation in control pre-dominantly shapes a family organization. In the innovation context, however, the role of the controlling generation remains unclear. The research filed accumulated highly ambiguous results, suggesting family firms retain (Kellermanns & Eddleston, 2006), increase (Zellweger & Sieger, 2012) or decrease (Martin & Lumpkin, 2003) their level of innovation. By viewing generational progressions as incubators of both organizational and managerial change, this study asserts that a significant portion of the generation effect on innovation permeates indirectly. Succession planning and non-family top management are regarded as intervening variables, positively mediating the generation-innovation relationship. Based on generalized structural equation modeling, this analysis corroborates that family firms achieve innovation gains across generations. However, these innovation gains occur via indirect paths – particularly via succession planning.

SESSION 418

ENTREPRENEURIAL CAPABILITIES

TRACK D	Date	Saturday, Apr 1
	Time	14:45 – 16:00
Paper Session	Room	34
Session Chair:	Sharon Alvarez, <i>University of Pittsburgh</i>	

The Illusory Control of Risk-taking: The Effect of Team Competition in an Entrepreneurial Environment

Maitane Elorriaga Rubio, *Copenhagen Business School*

Marie Louise Mors, *Copenhagen Business School*

Collective efficacy refers to personal confidence in a team's ability to overcome challenges and attain the desired outcomes. In the present proposal, we examine the role of collective efficacy as an important team-related factor that influences risk taking. We examine data based on entrepreneurial decision-making by 186 executive MBAs students. The findings reveal that collective efficacy is associated with lower perception of risk. Lower risk perception, in turn, is related to higher risk taking. Furthermore, we find a positive association between collective efficacy and risk taking. However, this relationship is conditional on the salience of competition, suggesting the presence of illusory control in competitive situations. Building on social-cognitive theory and extending behavioral theory, we propose a framework that contextualizes risk taking in the entrepreneurial domain.

Leadership, Social Preferences and Productivity: Evidence from Trucks Drivers

Francisco Brahm, *University of Cambridge*

We explore how the traits of leaders affects team productivity in the context of 53 customer-delivery trucks where the driver leads a team of two/three helpers. We collect social preferences from behavioural games and personality traits from a big-five survey. We show that "generalized trust" and "altruism" improves daily performance. In contrast, "trusting helpers" is detrimental, with Big five traits having negligible impact. The results are consistent with the idea that the party that has less to lose from trusting the other should be the first to trust. We also show that going from employee-driver to owner-driver, and thus directly employing its helpers, increases performance. This increase is boosted by the presence of "altruism" and "openness to experience".



Entrepreneurial Capabilities Under Knightian Uncertainty

Brian Saxton, *John Carroll University*

Sharon Alvarez, *University of Pittsburgh*

Jay Barney, *University of Utah*

Throughout the history of the resource based theory of the firm (RBT), significant attention has been paid to the way in which resources possessed by the firm are bundled into capabilities that actually used to enable the firm to achieve a competitive advantage. However, as recent work has noted, uncertainty (Knight, 1921) changes the necessary capabilities for firm performance to some degree. This paper describes a set of capabilities that fills this gap, enabling firms to organize themselves, grow, and adapt under conditions of Knightian uncertainty. Specifically, trust, creativity, and teamwork, will enable an actor that employs them to adapt to the limitations placed on it by Knightian uncertainty.

Can Corporate Entrepreneurship Form Second-order Competences? The Role of Internal and External Contingencies

Rasmi Kokash, *Durham University*

Mathew Hughes, *Loughborough University*

The influence of Corporate Entrepreneurship (CE), and second-order competences (SOC) on a firm's performance are largely acknowledged. Yet, the association between CE and SOC remains largely under-investigated, less so potential moderators of their relationship. Drawing on the resource-based view of the firm, we study whether and how second-order R&D and Marketing competences are influenced by CE. We theoretically argue, and empirically test, the positive influence of CE on SOC. We also find that while such gains are enhanced as environmental hostility increases, they are diminished by the interplay of organizational structure. Data collected from executives of firms from knowledge-intensive industries, analyzed using regression modeling, supports our predicted model's main arguments and offers some support for contingency relationships. Several novel theoretical and managerial implications are discussed.

16:00 – 16:30
COFFEE BREAK

SESSION 423

SHC AND INTERNATIONAL BUSINESS

TRACK A	Date	Saturday, Apr 1
	Time	16:30 – 17:45
Paper Session	Room	34

Session Chair: Birger Wernerfelt, *Massachusetts Institute of Technology*

Destined to Fail? MNC Subsidiaries Survival as an Interaction Between Human Capital and Entry Mode

Pedro de Faria, *University of Groningen*
 Bernardo M. Pimentel, *Técnico Lisbon*
 Miguel Torres Preto, *University of Coimbra*
 Wolfgang Sofka, *Copenhagen Business School*

We investigate how the survival of MNC subsidiaries is influenced by its entry mode choices and human capital decisions. In particular, we examine the extent to which the level of control that global headquarters exercises over the subsidiary and the characteristics of the human capital at entry influence the longevity of foreign MNC subsidiaries. Using an 18-year panel of MNC subsidiaries operating in Portugal, we find that a subsidiary has a higher probability of survival if the majority of its capital is controlled by the MNC and if its workforce is embedded in the local market.

Division of Labor in Multi-business Firms: Human Capital, Job Design, and Labor Contracts

Birger Wernerfelt, *Massachusetts Institute of Technology*

We ask how division of labor is enhanced in multi-business firms. What human capital do the workers acquire and how are their jobs designed? To answer the questions in a way that is consistent with the existence of multi-business firms, we develop a model with endogenous human capital acquisition, job design, labor contracts, and firm size. We find conditions under which several different sets of human capital and job designs will be observed and characterize the mechanisms in which each is traded. When they exist, multi-business firms allow workers to acquire human capital in a narrow set of services, and they can therefore use dedicated employees to perform services that smaller firms buy in the market or get from employees with broader job descriptions.

Nationality Dissimilarity, Organizational Identification, and Performance in International Joint Ventures

Jiatao Li, *Hong Kong University of Science and Technology*
 Jieyu Zhou, *Hong Kong University of Science and Technology*

We examine the effects of nationality dissimilarity in the context of international joint ventures (IJVs). While nationality dissimilarity is frequently talked about, scholars have yet to arrive at a consistent conclusion about its effect. In the context of an IJV, we hypothesize an inverted U-shaped relationship between nationality dissimilarity and a top manager's identification with the IJV because the increase in nationality dissimilarity would enhance a manager's perception of the IJV's external prestige while at the same time generate negative feelings associated with isolation and exclusion. We also demonstrate that top managers' organizational identification is beneficial for IJV performance.

Human Capital in Context: Examining Knowledge Deployment and Development in a Changing Information Environment

Alia Crocker, *Babson College*
 Ari Yezegel, *Bentley University*

We examine how human capital is impacted by the context under which it is leveraged. Specifically, we investigate security analysts under the evolving corporate social responsibility information environment and subsequent firm recommendations. In doing so, our study unpacks how environmental factors, whether originating from the recommended firm's information environment or from the analyst's task environment impact how knowledge is deployed and developed. We examine differences in the information environment with respect to CSR country-level market efficiency, investor protection, and information disclosure quality, while also considering analyst task environment experience with respect to affiliated investment bank country and firm- and task-specific variation in experience. Our theory and empirical analysis sheds light on how and why analyst human capital differs across settings.

SESSION 428

THEORETICAL DEVELOPMENTS IN SHC RESEARCH

TRACK A	Date	Saturday, Apr 1
	Time	16:30 – 17:45
Paper Session	Room	31

Session Chair: Anthony Nyberg, *University of South Carolina*

On a Firm's Optimal Response to Pressure for Gender Pay Equity

David Anderson, *City University of New York*
 Margret Bjarnadottir, *University of Maryland*
 Cristian Dezso, *University of Maryland*
 David Ross, *University of Florida*

We present a formal theory of how a rational, profit-maximizing firm would respond to pressure for gender pay equity by distributing raises and adjusting its organizational structure to reduce the pay gap between its female and male employees at minimum cost. We show that (a) employees in low-paying jobs and whose job-related traits typify men at the firm are most likely to get raises; (b) counterintuitively, some men will get raises and giving raises to certain women would increase the pay gap; (c) a firm can reduce the gender pay gap as measured by a much larger percentage than the overall increase in pay to women at the firm; and (d) "ghettoizing" women in select jobs can help a firm reduce its pay gap.

Organizational Adaptation Through the Survival of the Unfittest

Dirk Martignoni, *USI Lugano*
 Ingo Weller, *LMU Munich*
 Anthony Nyberg, *University of South Carolina*

Evolutionary metaphors are often used to describe the processes of organizational adaptation. Central to this perspective is the presence of a process of differential selection – selection disproportionately removes low performing practices, individuals, organizational units etc. from the organization. While this assumption seems self-evident, there is some (empirical) evidence that when it comes to individuals as units of selection, it may not always hold. For example, high performing employees may themselves de-select from the organization (i.e., quit) to pursue more attractive opportunities. In our study, we use March's (1991) model of organizational adaptation to systematically examine the organizational implications of various selection dynamics. We find, for example, that under some conditions, organizations that the survival of the first organizational members is not always optimal.

The Half-Life of Firm-Specific Knowledge

Eirik Sjaholm Knudsen, *Norwegian School of Economics*
 Lasse Lien, *Norwegian School of Economics*

Firm specific knowledge is usually analyzed as something that limits employee mobility and creates opportunities to earn rents for the current employer. We offer an analysis where the relative strength of the mobility reducing and mobility increasing effects of firm specific knowledge will ultimately depend on the share value creation that is expected to come from an employee's existing knowledge and the share expected to come from future knowledge. In industries where the half-life of knowledge is short, future knowledge will tend to dominate, and high levels of firm-specific knowledge will increase mobility and decrease appropriability. The reverse will tend to hold where the half-life of knowledge is long.



Managing Knowledge Workers: a Competence-based Framework

Roshni Raveendhran, *University of Southern California*

Kyle J. Mayer, *University of Southern California*

In this paper, we propose that effective management of knowledge workers is a critical firm capability and explore the micro-foundations of developing this capability. Specifically, we suggest that effective management of knowledge workers involves: (1) placing people with the right set of competencies in managerial positions to manage knowledge workers, and (2) promoting appropriate managerial behaviors from individuals who manage knowledge workers. We propose a novel typology for categorizing managers who manage knowledge workers in a competence-based selection framework based on their competence on two dimensions – technical and managerial competence and use this typology to propose how firms should select individuals for managing knowledge workers whose work falls into different knowledge work categories. We also explore how competence affects perceptions of behavioral appropriateness.

SESSION 443

THE HUMAN FACTOR IN ORGANIZATIONS

TRACK B

Date Saturday, Apr 1

Time 16:30 – 17:45

Paper Session

Room 32

Session Chair: Benjamin Campbell, *Ohio State University*

Organizational Form and Human Capital Investments: Evidence from a Franchise System

Tashlin Lakhani, *Ohio State University*

Benjamin Campbell, *Ohio State University*

We explore how organizational form shapes the creation of human capital rents. Specifically, we compare and contrast company-owned and managed establishments and franchisee-owned and managed establishments. Drawing on agency theory, we argue that these different organizational structures fundamentally alter managers' incentives and abilities to create and claim value from their human capital even across highly similar operations. We test the implications of our conceptualization using data from 483 establishments in a U.S.-based limited service hotel chain. Consistent with our theory, we find that franchisee-owned hotels more strongly focus on value capture paths than company-owned hotels and that hotels' value capture strategies are moderated by establishment size and whether franchisee owners directly manage their establishments.

When Social Capital Hurts: The Role of Human Capital Experience and Fit

Timothy Gubler, *University of California, Riverside*

It remains unclear when social affiliations in transactions lead to beneficial vs inferior outcomes. Building on social and human capital theories, I argue that affiliations can lead to unanticipated downsides when human capital considerations are supplanted by an effort to avoid opportunism. I test my argument using novel data from the Utah MLS and geographically assigned LDS (Mormon) congregation boundaries. I find that on average agents exert more effort for affiliated sellers and sell comparable homes for 2% more and 3.5 days quicker. However, I find sellers are more likely to use inexperienced or ill-fitting agents when affiliations are present, and such cases result in inferior agent performance and lower transaction outcomes. These results suggest an underexplored downside from social capital through human capital deficiencies.

Toward a Real Options Theory of Strategic Human Resource Management

Francesco Baldi, *LUISS Guido Carli University*

Lenos Trigeorgis, *University of Cyprus*

Traditional HR architecture is static and insufficient under uncertainty. We develop a real options portfolio framework based on HC flexibility to respond to future contingent landscapes. Linkage between dynamic capabilities and HC options enables transforming HR strategies into flexible ones. Our framework guides inter-temporally managing HC in a contingent landscape. In dynamic environments there is strategic flexibility value in maintaining presence in a variety of (base/flexible) employment modes. Both the initial allocation among the modes and

their reallocation across time matter. The flexible modes act as a buffer, contracting or expanding in response to unexpected environmental shocks with less cost and time delays. This explains the recent rise in flexible workforce and delays in permanent hiring following down markets. Testable propositions are developed.

Multi-homing within Platform Ecosystems: the Strategic Role of Human Capital

Vijayaraghavan Venkataraman, *Georgia Institute of Technology*

Marco Ceccagnoli, *Georgia Institute of Technology*

Chris Forman, *Cornell University*

Platform ecosystems characterized by a few platform owners and numerous other complementor firms that partner with them have become quite common across industries. Prior research on platform ecosystems has mostly focused on the platform owners and their strategies. In this paper, we look at the complementor firms, instead, and try to understand why the incidence of multi-homing, a strategy in which a complementor firm chooses to join multiple platforms rather than one, is often quite low. We build a capability framework based on human capital and test it on micro-level data from the ERP platform ecosystem. The study has important implications for our understanding of platform growth and innovation and contributes toward the literature on platform ecosystems as well as strategic human capital.

SESSION 415

CEO AND FOUNDER EFFECTS ON FIRMS

TRACK D

Date Saturday, Apr 1

Time 16:30 – 17:45

Common Ground Session

Room 35

Session Facilitator: Greg Reilly, *University of Connecticut*

How CEOs Influence Innovation: An Integrative Framework of Strategy Formulation, Implementation and Context Creation

Nino van de Wal, *University of Antwerp*

Victor Gilsing, *University of Antwerp*

Christophe Boone, *University of Antwerp*

Bob Walrave, *Eindhoven University of Technology*

Despite innovation's critical importance for large, established firms, academic understanding on how CEOs internally drive their firm's innovation output remains in its infancy. This study therefore presents an integrative framework that explains why and when CEOs influence technological innovation. We argue that CEOs with a research orientation – those with a dedication to and cognitive ability for research – steer organizational effort towards innovation through strategy formulation, implementation and context creation. Empirical evidence from the US biopharmaceutical industry reveals a significant effect of CEO research orientation on technological innovation. The finding that the CEO-innovation relationship is only partially mediated by R&D strategy formulation open up fruitful directions for future research in studying the CEO's role in innovation.

Managerial Aspects of Differentiation Strategy: Evidence From the Analysis of Trademark Statistics

Shukhrat Nasirov, *University of Nottingham*

Cher Li, *University of Nottingham*

Steve Thompson, *University of Nottingham*

Earlier research on competitive strategy has demonstrated only partial support for aligning CEO personality with product differentiation. Our article suggests further refinement of the theory and extends these findings by considering a wider set of managerial characteristics proposed in subsequent studies. By integrating the upper echelons perspective with the hierarchical view of strategy, we also draw attention to alternative channels through which executives may influence organisational outcomes. Our empirical testing is based on a sample of 854 CEOs in 263 US publicly traded companies over the period 1992-2012. Using trademarks to measure product differentiability, we have demonstrated that company tenure, knowledge and experience diversity, education, and proactivity have statistically significant explanatory power for variations in the degree of product differentiation across companies.

Acquiring for Growth? Intra-industry Acquisitions and the Influence of Managerial Experience and Ties

Pao-Lien Chen, *National Tsing Hua University*

This paper examines how managers' industrial knowledge and ties affect a firm's likelihood of taking intra-industry acquisition. This paper proposes that a firm's intra-industry action depends on the perceived need for using acquisition to obtaining resources for growth and opportunity of finding appropriate targets by managers, and thereby managerial knowledge and external ties. Empirical findings from firms in the cell-phone service industry during 1983 to 1998 suggest that intra-industry knowledge of managers is negatively related to a firm's intra-industry acquisition. Further, different industrial ties of managers contribute differently to a firm's intra-industry acquisition. More importantly, a firm's is even more unlikely to take on intra-industry acquisition when its managers have both a high level of intra-industry knowledge and ties to competitors.

Founders' Prior Affiliations, Human Capital Sourcing, and Firm Performance

Vera Rocha, *Copenhagen Business School*

Rhett Brymer, *Miami University*

Many studies have examined the lasting effects of founders on their organizations, yet research to date has not considered how founders might influence ongoing staffing strategies. We contend that the founding team's prior affiliations to previous firms and education institutions may be particularly salient to enduring staffing practices and specifically be more inclined towards pipeline hiring strategies. Further, we posit that pipeline hiring will have subsequent firm performance implications depending on industry dynamism, technological intensity, and credence qualities. We propose to test our model using a sample of all Danish new ventures founded between 2001 and 2004 tracked over at least ten years and that hired at least ten individuals during the sample time frame.

The Small Pond Advantage: Founder's Prior Affiliation and Hiring of Founding Employees

Jing Chen, *Copenhagen Business School*

Toke Reichstein, *Copenhagen Business School*

This study examines the relationship between the characteristics of entrepreneurs' prior workplace and the likelihood of former coworkers joining the new business as founding employees. We find that employees tend to join start-ups launched by former coworkers if they worked at firms where skills developed on the job can be easily transferred to a new venture, or if the inter-personal relationship embraced at their workplace renders sufficient non-pecuniary benefits for supporting coworkers' entrepreneurial attempts. The results suggest that organizations with a flat and fluid structure, often associated with a small size, provide employee entrepreneurs with an advantage of utilizing the human capital of former coworkers to build an initial work team, and therefore shape the entrepreneurial process as a potential supplier of start-up human capital.

SESSION 417

EMPLOYEE MOBILITY AND ENTREPRENEURSHIP

TRACK D	Date	Saturday, Apr 1
	Time	16:30 – 17:45
Paper Session	Room	33

Session Chair: Deepak Somaya, *University of Illinois at Urbana-Champaign*

Non-Compete Enforceability and Open Innovation: The Role of Human Capital Strategies

Eunkwang Seo, *University of Illinois at Urbana-Champaign*

Deepak Somaya, *University of Illinois at Urbana-Champaign*

Prior research generally posits that non-compete agreements (NCAs) impede employee mobility and therefore negatively impacts open innovation, defined here as the use of external knowledge in internal innovation. However, this view does not consider how firms' human capital strategies affect the relationship between enforceable NCAs and open innovation. We theorize that when firms build on external knowledge they face higher risks of losing valuable R&D talent, and stronger enforceability of NCAs may therefore actually increase open innovation by firms. By employing data from the Michigan NCA "quasi-experiment"

we find that stronger NCA enforceability increased the extent to which firms drew on external knowledge, especially from local sources and in industries that otherwise have weaker appropriability. These findings provide strong support for our human capital-based theory.

The Entrepreneurial Workforce: Ex Ante Career Preferences and Employment Transitions into Startups and Established Firms

Michael Roach, *Cornell University*

Henry Sauermann, *Georgia Institute of Technology*

The study examines the extent to which individuals' ex ante career preferences explain sorting into employment in startups versus established firms. Using unique panel data on over 1,500 individuals observed prior to entry into the job market and again after taking employment, we find strong evidence of sorting. However, a large share of individuals with entrepreneurial career preferences ends up in established firms, while startups employ not only "joiners" but also individuals with founder intentions or who prefer to work in an established firm. We explore potential reasons including labor market constraints, compensating wage differentials, and individuals' desire to acquire additional skills prior to starting their own firm. We discuss implications for entrepreneurship research as well as for founders, managers, and policy makers.

Entrepreneurial Teams' Acquisition of Talent: a Two-sided Approach

Florence Honore, *Iowa State University*

Martin Ganco, *University of Wisconsin-Madison*

While it is crucial for startups to hire high human capital employees, little is known about what drives the hiring decisions. Considering the stakes for both startups and their hires (i.e., joiners), we examine the phenomenon using a two-sided matching model that explicitly reveals the preferences of each side. We apply the model to a sample of startups from five technological manufacturing industries while examining a range of variables grounded in prior work. Our findings indicate that, in the context of entrepreneurship, both startups and joiners rely heavily on readily observable signals of quality. Further, quality considerations that are important for the match play a minimal role in determining earnings. Our approach refines our understanding of how entrepreneurial human capital evolves.

Tapping into the Knowledge of Incumbents: Role of Corporate Venture Capital Investments and Inventor Mobility

Francesco Di Lorenzo, *Copenhagen Business School*

Vareska Van de Vrande, *Erasmus University – Rotterdam*

This paper attempts to understand the joint effect of inventors' mobility and corporate venture capital (CVC) investments on the extent to which start-ups use the knowledge resources of their investor as input for their innovation activities. Using a sample of semiconductor ventures between 1990 and 2003, our results suggest that ventures receiving CVC investments exhibit greater knowledge utilization from that specific investor. However, when a CVC investment is combined with inventor mobility from the same corporate investor to the venture, we observe a lower extent to which those ventures utilize their investor's knowledge resources as input when generating innovation.



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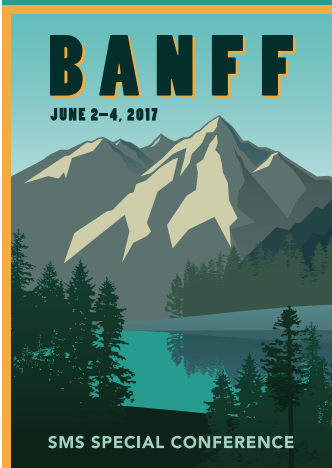
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