Preface

THE RELEVANCE OF HUMAN CAPITAL STRATEGY

In 2002, Billy Beane, General Manager of Oakland Athletics, a team competing in Major League Baseball (MLB), assembled an underrated group of baseball players and achieved a quite surprising number of wins, although the team's manager/head coach, Art Howe, did not share this recruiting approach (Sexton & Lewis, 2003). Despite Howe's non-cooperation, Beane managed to fully integrate the newly acquired human resources into Oakland's strategies and, although they did not win the 2002 World Series, they won 20 games in a row that season, going far beyond fans' and experts' expectations.

Between 2013 and 2016, Sam Hinkie, General Manager of the Philadelphia 76ers, one of the 30 teams comprising the National Basketball Association (NBA), decided to trade his good players for future players' picks and to recruit, meanwhile, low-quality players in order to deliberately create a weak franchise and, thus, to rank in the last positions of the NBA. This left them in a very good position for the selection of the best prospects in the subsequent years, since league rules generally give the highest draft¹ picks in reverse order to the previous season's worst teams. This strategy paid off, since the Philadelphia 76ers reached the post-season's play-offs in the following years, although they have not won the championship since 1983.

These two strategies, namely, "Moneyball" and "The Process" help us to understand how an effective human capital strategy requires several ingredients to pay off, including, in particular:

- tight coordination across the macro and the meso levels of management;
- a clear vision of what the relevant human capital assets are;
- a focus on the actual relevant characteristics of human capital assets; and

- cross-level managerial cooperation, thus coping with different expectations with regard to human capital assets' integration and development.

To this end, along with the useful insights originating from the theoretical contributions and the related empirical evidence from the macro- and micro-level approaches, we also need to include the role of the meso-managerial level. Therefore, it seemed appropriate to take on the challenge of providing a conceptual framework that filled the conceptual voids in the extant approaches, meanwhile trying to solve theoretical ambiguities and empirical inconsistencies.

THE PURPOSE OF THIS BOOK

Accordingly, the purpose of this book is to provide scholars and researchers (but also managers and experts) with a useful approach for pursuing a twofold goal: (1) to understand the dynamics underpinning the link between strategic human capital and organizational performance; and (2) to clarify some theoretical ambiguities characterizing the role of strategic human capital in the quest for a sustainable competitive advantage.

More precisely, our goal is to offer a novel conceptual framework and a robust and theoretically grounded managerial tool to help organizations get the most from their most important asset – human capital – starting from the examination of recent literature on the topic. We are confident that this book will provide a heterogeneous community – such as scholars and researchers interested in managerial disciplines, managers and decision makers, consultants and practitioners from several contexts – with a state-of-the-art examination of how strategic human capital can be harnessed to allow organizations to obtain their valuable contribution in the quest for a sustainable competitive advantage.

SCOPE, AIM, AND APPROACH

Since Gary Becker's (1964) first formulation of "human capital theory," scholars from several areas of interest in the management domain have tried to take advantage of the broad scope of such theory. For example, in the strategy field, scholars have addressed the importance of human capital from different perspectives, such as knowledge (Kogut & Zander, 1992), learning (Cohen & Levinthal, 1990), competence (Leonard-Barton, 1992 [2011]) and capabilities (Teece, Pisano, &

Shuen, 1997 [2008]). Almost in parallel, in the human resources field, researchers have investigated heterogeneous issues such as the composition of the “human capital pool” (Wright, McMahan, & McWilliams, 1994), the degree of development of employees (Lepak & Snell, 1999), and the impact of human resource management on organizational performance (Becker & Gerhart, 1996). While each stream has endeavored to investigate its own specific points of interest and research questions, thus developing a quite articulated landscape of topics, on the other hand the two areas of study have evolved into two quite sharply separated domains (Wright, Coff, & Moliterno, 2014).

To bridge this separation, this book has two main objectives: (1) to provide original empirical evidence with regard to the relationship between strategic human capital and performance; and (2) to clarify some empirical and practical ambiguities concerning strategic human capital management, and offering, at the same time, a novel conceptual framework. This approach will help both scholars and practitioners to understand the message delivered through our theoretical and empirical evidence and managerial tools.

We decided to take on the challenge underpinning this volume as we believe that there is a gap in the broad literature on human capital. Indeed, despite a great number of studies both in the human resources and the strategic management fields of research (Fulmer & Ployhart, 2014; Wright et al., 2014), our understanding of the potential advantages stemming from the management of strategic human capital is hampered by either disciplinary or methodological inconsistencies. To overcome these inconsistencies, this volume focuses on the role of strategic human capital at different managerial levels, thus providing a fruitful integration of different disciplinary views of strategic human capital, meanwhile exploring new methodological issues, especially insofar as the examination of both linear and non-monotonic (quadratic) relationships between strategic human capital and firms’ results is concerned. To achieve this goal, we have conducted research on the Italian “Serie A” professional football league (the highest professional level in Italy, and among the most competitive worldwide). We have tackled this issue using a replication methodology in order to clarify this major empirical ambiguity in the field. Our theoretical approach along with our main empirical evidence provide a cutting-edge examination of how and why strategic human capital at different organizational levels can be harnessed to deliver sustainable competitive advantage. In sum, our book offers

a useful managerial model to help managers and decision makers get the most from their most important asset.

CONTENT OF THE BOOK

This book is organized into four chapters. In Chapter 1, “Strategic human capital at the crossroads,” we examine the most recent theoretical and empirical advances in the field of strategic human capital (SHC), with a specific focus on the theoretical inconsistencies and methodological ambiguity in both the strategic management and human resources areas of study. The chapter introduces a unifying perspective on SHC management, which will be further articulated in Chapter 4 through a novel conceptual framework.

Subsequently, in Chapter 2, “Understanding and clarifying the dynamics of strategic human capital effects on performance: A quasi-replication of major literature evidence,” we clarify a key area of ambiguity in the context of human capital studies – how to deal with the shared experience of skilled individuals over a prolonged period of time. Indeed, the extant research has not clarified whether the relationship between shared experience and performance is either linearly positive or non-monotonic (inverted U-shaped). We have clarified this ambiguity and also advanced a theory with respect to the relevance of specific organizational roles in the context of the analysis of this relationship.

In Chapter 3, “The effect of strategic human capital renewal on organizational results: An empirical examination in the Italian Serie A professional football league,” we observe the importance of human capital renewal choices and address the effect of heterogeneous newcomers, with respect to their general/industry expertise and personal characteristics, on performance.

Finally, in Chapter 4, “Get the most from your most important asset: A conceptual and managerial model for harnessing the value of strategic human capital,” we draw a set of theoretical implications from the empirical evidence reported in the previous chapters and provide a conceptual framework that is a fruitful integration of both the clarification of the inconsistencies and ambiguities discussed in Chapter 1 and the original empirical evidence reported in Chapters 2 and 3. The fresh theoretical model presented in this chapter will help scholars, as well as managers, decision makers, and experts from various fields, enrich their research and professional toolkit.

A final reflection with respect to the overall motivation of this book concerns our aim as scholars between two important disciplines to achieve a holistic conceptual framework and a unifying perspective. We hope this book achieves that aim and offers a useful conceptual framework for the vast and heterogeneous population of scholars, managers, and experts interested in organizations' most important asset.

NOTE

1. A draft is the process used to allocate certain players to teams. In a draft, teams take turns selecting from a pool of eligible players. When a team selects a player, the team receives exclusive rights to sign that player to a contract.

Andrea Lanza
Giuseppina Simone