



**Human Capital Resources:
Reviewing the First Decade and
Establishing a Foundation for Future
Research**

CAHRS ResearchBrief

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HUMAN CAPITAL RESOURCES: REVIEWING THE FIRST DECADE AND ESTABLISHING A FOUNDATION FOR FUTURE RESEARCH

Human resource strategists have an abiding interest in the “black box” between firms’ Human Resource policies, programs, and practices and the operational and financial outcomes that follow. What exactly occurs in that space and how can the dynamics be better managed? The emerging field of human capital resources (HCR) is beginning to shed some light on these issues.

In their comprehensive review, Professor Ray and her colleagues examine 194 HCR-related articles published over the last decade, carefully documenting what we know, what we don’t know, and how best to close the gap. Their analysis is aimed primarily at researchers. But much of what they found is also particularly germane to HR strategists. Here’s a brief rundown.

What is HCR?

Much of HR’s attention focuses on human capital (HC), particularly the knowledge, skills, abilities, and other attributes Knowledge, Skills, Ability and Other characteristics (KSAOs) individual workers require to be effective in their jobs. Human capital resources (HCR) takes this up a notch, capturing the capacity of a unit’s workforce (i.e., their collective KSAOs and their social connections) to contribute to the unit’s success.

Where workers work independently, investments in individual KSAOs flow through to HCR in a straightforward way; add up individual employee’s HC and you have a unit’s HCR. Where workers work interdependently, KSAOs remain important, but so is the synergy that emerges as employees become increasingly adept at working together and adapting to the vagaries of interdependent tasks. Through synergy, units’ HCR becomes more than just the sum of the member’s KSAOs.

Why Care about HCR?

Accumulating evidence strongly suggests that HCR is an integral component of the “black box”. On the front end, there is no doubt that HR policies, programs, and practices, when properly formed and performed, have a direct positive effect on the emergence of HCR. On the back end, various studies have established that emergence of HCR, under the right circumstances, significantly contributes to the attainment of several important operational and financial outcomes, including employee retention, customer satisfaction, innovation, competitive advantage, revenue growth, profitability, and even the market value of firms.

Enhancing the Emergence of HCR

HCR emerges from HC. So, the first step is to get the collective KSAOs right. Partly, this is a matter of ensuring that a unit’s workforce has the full range of KSAOs required to perform their individual and collective tasks, plus – where interdependent tasks are involved – the social connections required to facilitate adaptability through the efficient exchange and utilization of KSAOs. Careful selection can forestall shortcoming here; additional training, cross-training, and, if necessary, staff replacements are available remedies.

HCR also emerges via synergy. Synergy develops when unit members share common goals, operate with agreed-upon norms, readily share information and coordinate their activities, and willingly bring their expertise to bear to enhance collaboration, especially if these unfold in a culture characterized by trust and comradery. Because

synergy takes time to develop, it requires stability of unit membership and significant investments in intact active learning, coupled with intensive coaching and plenty of practice with feedback.

The challenge is an opportunity.

Bottom line, there's a lot we know about HCR, but also a lot we don't. So, the situation calls for cautious experimentation when it comes to implementation. This presents a challenge, but also an opportunity for interested companies to support and participate in future research to close the gap between where we are and where we need to be.

This ResearchBrief by the following authors is based on the paper in The Journal of Management "Human capital resources: Reviewing the First Decade and Establishing a Foundation for Future Research," January 2023.

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