The Extension of Managerial Human Capital Model for the Global Economy

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ABSTRACT

This paper extends the managerial human capital model by incorporating a new level of managerial skillset: International Human Capital. Drawing on the theoretical assumptions widely used in strategic leadership, international business, and organizational learning research, the model explains how prior international exposure and indirect learning from firm’s internationalization have implications for developing a global level of human capital in top managers. In addition, the paper discusses the individual-, organizational-level outcomes, and the transferability of the proposed type of human capital. Considering the theoretical, empirical, and managerial relevance of this extended model, this paper identifies future directions for research that intersects several fields of management.

Keywords: Managerial Human Capital; International Experience; Internationalization of Firms.

INTRODUCTION

As globalization continues to gain momentum, the expectations of the members of top management to engage in cross-cultural transactions and to draw on their global exposure are receiving increased attention (Lenzner, 2014; Favaro, 2013; Canella et al., 2008). Tacit knowledge (Polanyi, 1966) of top-level managers is of particular importance to a firm’s future strategic direction and performance. Knowledge in a variety of forms, as a source of isolating mechanism for the firms, is integrated and utilized to generate profit—otherwise called economic rent in the broader context. According to the proponent of knowledge-based-theory, Grant (1996), “if the strategically most important resource of the firm is knowledge, and if knowledge resides in specialized form among individual organizational members, then the essence of organizational capability is the integration of individuals' specialized knowledge.” Recognizing the importance of managerial knowledge and skills, this paper is motivated by the question: Is there a particular skillset the managers use increasingly more given the global nature of economic activities? In addition, this paper seeks to answer the following: How do managers develop this globally relevant skillset? What are some of the multi-level implications of this skillset?

Managers, top executives in particular, manage the internal resources of firms that are critical to organizational strategy, performance, growth, and survival. Due to the importance of managers’ valuable skills and their roles within organizations especially in this age of the knowledge-based and global economy, cultivating a global mindset (Gupta and Govindarajan, 2002) has been widely regarded as an important determinant to organizational success. More recently, globally relevant managerial human capital (Zakaria, 2010; Zakaria and Tanyi, 2010) has been identified as a valuable set of credentials for the managers of multinational corporations. While the value of a global mindset is well recognized, the mechanisms in developing such a mindset and skillset remain underexplored.
In view of the growing significance of the global origin of knowledge in the context of international management, this paper reconceptualizes the existing hierarchical model of managerial human capital (Bailey and Helfat, 2001; Castanias and Helfat, 1991) in a way that is more suitable for the global economy. First, it develops and clarifies the notion of a distinct type of managerial tacit knowledge: international human capital. Second, it describes its position within and in relation to the original hierarchical model of managerial human capital. Third, it explains how direct international exposure and vicarious learning of top managers from their firm’s internationalization lead to the accumulation of a distinct type of managerial tacit knowledge. Fourth, it discusses some of the organizational- and individual-level outcomes of the international human capital. Finally, the paper outlines the implications of the new model and directions for future research.

**THE EXTENDED MODEL OF MANAGERIAL HUMAN CAPITAL**

Studies on strategic human resources use managerial work experience and exposure as a basis for conceptualizing managerial human capital (e.g., Harris and Helfat, 1997; Bailey and Helfat, 2001; Castanias and Helfat, 2001). Ployhart and Moliterno (2011) define human capital as a unit-level resource for organizations that is created from individuals’ knowledge, skills, abilities, and other characteristics (KSAOs). Executives differ in the combination of skill sets and levels of different abilities. This definition recognizes managerial human capital’s cross-level and emergent nature. Where the emergent aspect “originates in the cognition, affect, behaviors, or other characteristics of individuals, is amplified by their [cognition, behavior, etc.] interactions, and manifests as a higher-level, collective phenomenon” (Kozlowski and Klein, 2000: 55).

The original managerial rent model (Castanias and Helfat, 1991) distinguished between the sources of managerial human capital and presented the model as a hierarchy of managerial skills. Rent-appropriability of managerial human capital refers to the capability of the owner of a resource (here tacit knowledge) to generate a rent equal to the value created by that resource. Theorizing on the transferability of managerial skills, Castanias and Helfat (1991 and 2001) and Bailey and Helfat (2001) categorized these skills into the following four types: 1) firm-specific skills, 2) industry-specific skills, 3) related-industry skills, and 4) generic skills.

Firm-specific skills include a manager’s knowledge and understanding of a particular organization’s history, culture, mission, vision, stakeholders, resources, capabilities, strategies, and so on. Industry-specific skills incorporate a manager’s knowledge and understanding of a certain industry’s macro-environmental factors (e.g., regulatory agencies, customer segment), competition, changing dynamics, suppliers, distributors, etc. For instance, a manager supervising an automobile company is believed to have industry-specific skills when he or she knows the rules and regulations of the Environmental Protection Agency and the National Highway Traffic Safety Administration affecting the operations of automobile industry. Related-industry skills involve knowledge and understanding of industries that can potentially impact a manager’s focal industry where his or her employer firm primarily operates. In the case of a manager working in the automobile industry, a related-industry would include steel, rubber, leather, and other high-tech industries that manufacture different components for automobiles. Finally, generic skills are conceptualized as general cognitive abilities, leadership, communication, and interpersonal skills of managers.

According to Castanias and Helfat (1991 and 2001), these managerial skills are nested within a hierarchy of the most to least transferable managerial human capital when executives change their jobs.
As the specificity of the skills increases from generic to firm-specific, the transferability across organizations of each type of skill decreases. In essence, this classification of managerial human capital incorporates skill differentials between managers in terms of the types of skills individuals possess, the degrees of skillfulness, and the portability or transferability of these skills when managers migrate to a new organization. A significant portion of this skill differential is attributable to their prior experience (Canella et al., 2008). Despite the inherent similarity in the nature of the job responsibilities, top managers may differ not only according to which skills in the hierarchical model they acquire on the job, but also in regard to their abilities to transfer these skills to a different organization and its business context.

The business world is now more globalized than ever before. Large, small, new, and entrepreneurial firms are engaging in cross-border transactions. As a result, the importance of top executives’ global/international knowledge has become highly relevant to their organizations’ success. Top-level managers of multinational organizations are observed to accumulate their stock of KSAOs relevant for cross-border operations from their work experience. Managers cultivate KSAOs from scanning external business environments, evaluating internal organizational resources and capabilities in relation to unique country-contexts and host-country competition, and making global strategic choices for their firms. Consequently, recent studies assert that managers gain globally relevant KSAOs (Zakaria, 2010; Zakaria and Tanyi, 2010). Managers accumulate their global skillset from: 1) their own international experience (Lee and Park, 2006; Athanassiou and Nigh, 2002; Sambharya, 1996), and 2) their firm’s international experience, otherwise called the degree of internationalization (Andersson and Florén, 2011; Sanders and Carpenter, 1998; Ramaswamy and Krocek, 1995; Sullivan, 1994).

Building on the above-mentioned sources of KSAOs relating to the global environment of business, this paper proposes an expanded model of managerial human capital and describes this distinct type of tacit knowledge as international human capital. This fifth block is illustrated in the following figure integrating the previously recognized model of managerial human capital:

![Figure 1: International Managerial Human Capital](image)

**Figure 1: The extended managerial human capital model, superimposing international human capital on the original hierarchical model based on Castanias and Helfat (1994) and Castanias and Helfat (2001)**

Consistent with the assumptions made in the original managerial rent model, this extended human capital model asserts the following:

1. International managerial human capital entails a full range of skills and attributes. Consistent with Ployhart and Moliterno (2011), this strategically valuable human capital has its origins in the cognitive and non-cognitive attributes of individuals. The cognitive attributes of an individual include knowledge,
skills, and general abilities related to cultures and markets. The non-cognitive attributes incorporate personality, values, interests, mindset, and context-generic KSAOs to manage the diversity of cultures and markets.

2. This newly proposed international human capital is a multilevel construct. In contrast to the previously established types of managerial human capital, the development of international human capital occurs as a cross-level phenomenon. The origin of this human capital can be found in: a) an individual’s prior international exposure (i.e., individual-level) and b) their firms’ international experience (organizational-level). This fifth block of managerial human capital is conceptually distinguishable and empirically measurable, albeit overlapping with the other four blocks (i.e., generic, related-industry, industry-specific, and firm-specific). The development process of is further explained in the proceeding section that elaborates on the sources of international human capital.

3. International human capital shares a common area of intersection with each of the previously recognized managerial skill blocks proposed by Castanias and Helfat (1991) and Castanias and Helfat (2001). Therefore, this international human capital can and should reside within each of the nested hierarchy of the four-level managerial skills model. For instance, while international human capital can be accumulated from international exposure or internationalization of a firm, one or more of the other categories of human capitals can also be gained by operating in a firm-, industry-, related-industry specific international environment. In other words, an executive may simultaneously gain industry-specific and international experience (and firm-specific international experience or related-industry-specific international experience).

4. This fifth component of managerial human capital can be highly transferrable across organization boundaries, consistent with the characteristics of the other four manager human capitals. When managers move across firms, their previous firm-specific skills lose value (Harris and Helfat, 1997, Baley and Helfat, 2003). When managers move across industries and related-industries, the same holds true for their previous industry-specific and related-industry skills. In contrast to some of the other blocks (e.g., firm-specific human capital), this international human capital signifies that the tacit knowledge gained in a cross-border context is a somewhat generic, yet specialized type of skillset. While managers may gain country-specific and institution-specific knowledge that may lose some value, the cumulative effect of international exposures can be synergistically valuable to any firm. As a result, this international human capital is believed to be relatively easily transferable when an executive migrates.

5. The outcomes and implications of this international human capital are substantial and measurable. International human capital facilitates individual-level and organizational-level rent appropriation. The question of transferability and rent appropriation is addressed in detail later in the paper.

THE SOURCES OF INTERNATIONAL MANAGERIAL HUMAN CAPITAL

The theoretical assumptions widely made in strategic leadership, international business, and organizational learning studies long held that prior direct international experience and background of managers and indirect/vicarious learning from firm’s internationalization have implications for tacit knowledge/skill and routine development. Top executives learn a great deal about the overall business environment and the details of markets and products from being actively present in foreign operations. They also gain considerable knowledge by being indirectly involved in firms’ international decision-making and management.
International Experience and Background: The Direct Source

International experience of top managers is generally defined as an individual’s personal and/or professional experience in a country besides his/her country of origin. This entails educational (regardless of level) and training endeavors, short or long term expatriate/foreign assignments, experience working at an international division or a functional role abroad. To measure international experience, researchers generally consider the number of international experience (or assignments) and total years of experience (Daily et al., 2000; Sambharya, 1996). International work experience, all else being equal, enhances managers’ knowledge, cognition, creativity, communication, and persuasion skills in accomplishing various tasks in a cross-cultural setting.

More recently, discussions about the strategic implications of hiring CEOs with personal foreign background and exposure have been receiving attention. The group of executives who are examined with particular interest includes individuals who are foreign-born (Story, 2007; Hymowitz, 2004), have foreign nationality (Nielsen and Nielsen, 2013), and are raised in immigrant families (Lenzner, 2014). These bi- and multi-cultural managers are believed to develop unique mindsets and abilities (Nielsen and Nielsen, 2013; Hambrick et al., 1998) due to their cross-cultural exposure. They may gain direct and globally relevant perspectives during their formative years by being in a foreign country or in a family that has strong foreign ties.

A well-developed and widely recognized body of research in strategic leadership suggests that prior international work experience of top executives has an important influence on organizational strategy, activities, and performance (Canella et al., 2008, Carpenter and Fredrickson, 2001; Hambrick and Mason, 1984). The boundary-spanning activities and social exchanges executives perform during their international experience can be instrumental in developing a unique knowledge-base and a global cognitive mindset (Gupta and Govindarajan, 2002). Rivas (2012) compared the joint effects of the international experience of boards and TMTs. The findings suggest that their international experience reduces their firms’ uncertainty and dependence on the environment. Top managers perform a variety of planning, organizing, supervising, and decision-making activities. International experience and exposure prepare managerial cognition for a higher-level information processing and information seeking capacity. Such experience and exposure help individuals make superior managerial decisions, especially in an international context involving a variety of relatively less familiar factors. International experience helps executives build social capital consisting of international network ties.

While the implications of directly earned international experience of managers, regardless of the source and duration, have been well documented, internationalization of firms does not appear to be an obvious source of individual-level human capital. Consequently, the following section addresses firm’s internationalization in greater depth.

Firm’s Internationalization: The Vicarious Source

Research on the conceptualization and measurement of internationalization is evolving. To date, researchers have operationalized international experience of firms (i.e., based on the level or degree of international diversification of foreign operations) in a variety of ways. Some of the commonly used ones include: 1) The length of international experience refers to the firm’s time-based experience (Luo, 1999), which is typically operationalized by the number of years that the firm has been operating in a particular country (Gao et al., 2008), region (Brouthers, Brouthers, and Werner, 2003) or internationally (Magnusson, Westjohn, and Boggs, 2009). The core idea of this dimension is that the greater the length of a firm’s international experience, the greater its opportunity to accrue knowledge. 2) The scope of
international experience is defined as the geographic diversity of the firm’s international experience (Erramilli, 1991). This dimension is measured by the number of foreign countries in which a firm operates at a given point in time (Carlsson et al., 2005). The broader the scope, the greater the variety of institutional contexts in which a firm’s experience is embedded. 3) The diversity of international experience covers the breadth of a firm’s international expansion across its variety of products, the breadth of both the retail and wholesale markets/regions to which it distributes, and the diversity of its buyers (Luo and Peng, 1999). This dimension captures the variety in the range of activities to which the firm’s experience relates. 4) The intensity of international experience refers to the volume of international activities per unit of time (Clarke et al., 2013; Jung et al., 2008). This measure, with minor variation among researchers, is operationalized as a function of the volume of a firm’s international activities and the entry modes (e.g., exporting, licensing). In terms of the volume of a firm’s international activities, one may expect that, all else being equal, the firm engaging in a greater volume of activities in foreign markets will accrue more knowledge and develop more experience per unit of time than its competitor.

Internationalization or foreign expansion of firms (Ramaswamy and Kroeck, 1995; Sullivan, 1994) enables organizational- and individual-level knowledge accumulation through observational mechanisms (i.e., indirect nature of the experience). According to Bandura (1971), individual learning can occur through a process called diffusion chain. An individual learner serves as a model through whom others learn the behavior when they interact in a larger group, such as, a community or network. Learning and skill development occur in similar, vicarious ways in organizations as managers interact with each other within a network of organizational structure. When a firm internationalizes, knowledge accumulation in international dimensions occurs in the domains of international diversity (i.e., number of countries, cultures, market segments, culture, products, technology) and international mode of entry (e.g., export, licensing, acquisitions, alliances, etc.) of firms. International diversity and mode of entry are found to influence an organization’s breadth, depth, and speed of learning (Zahra et al., 2000).

Athanassiou and Nigh (2000) found that the more a multinational firm internationalizes, the more its top managers gain first-hand experience of the organization’s global experience through personal presence and face-to-face interactions with managers directly involved in foreign operations. Firms’ internationalization exposes managers to complex international situations through professional interactions, exchange, and discussion on managerial issues relating to diverse business environments. This leads executives to develop a more extensive and complex mindset and skillset (Calori et al., 1994). Whereas, complexity of a mindset reflects the depth and breadth of knowledge embedded in it. More recently, Andersson and Florén (2011) found that managerial behaviors differ between managers in international and in non-international firms. Even managerial activities and roles differ between small international firms and small firms operating solely in the domestic market.

Scholars in international business have long theorized that multinational corporations (MNCs) doing business abroad face costs (Hymer, 1976) due to the unfamiliarity of cultural, political, economic, administrative environments. The set of problems associated with the difference in the home and host country external environment is later termed as the liability of foreignness (Zaheer, 1995). It is argued that a larger degree of internationalization leads to employees attaining a substantial amount of information, which subsequently contributes to organizational- and individual-level learning and knowledge creation. This particular stream of research dealing with the liability of foreignness recognizes the disadvantages, faced by foreign firms when competing against purely national firms in their home market; difficulties arise largely from the foreign firm’s lack of access to critical information about the host market.
According to the Uppsala model (also known as the process model) of internationalization, firms acquire experiential learning in an international market and are gradually able to close the knowledge gap between home and host country environments (Johanson and Vahlne, 1977). This model, thus, builds on the assumption that the incremental involvement of the firms in foreign markets leads to its key executives gradually acquiring, integrating, and utilizing knowledge about foreign markets and operations. This phenomenon indicates that an observational learning from internationalization is possible, as top executives internalize the organizational learning that is accrued from their companies’ firm-level internationalization.

Organizational learning theories (March, 1991; March and Simon, 1958) also recognize that firms acquire knowledge from new experiences and may learn from prior experience. New experience due to internationalization is not an exception. Organizational learning relating to internationalization ultimately broadens a firm’s knowledge base (Prashantham, 2005) and results in superior firm performance (Ruigrok and Wagner, 2003). This firm-level learning from internationalization may lead to new product development, superior customer services, meeting customer demands, responding to changing market dynamics and institutional environments, and so on.

Based on the assumptions made in the above streams of research in international business, strategic management/leadership, and human resource development, this paper emphasizes that top-level executives, as key employees and as carriers of international knowledge, develop within themselves an international human capital owing to their own foreign experience as well as their firm’s internationalization.

INTERNATIONAL HUMAN CAPITAL: TRANSFERRABILITY AND OUTCOME

Acknowledging that firms capitalize on their human factors, i.e., KSAOs of their top executives, this section explains how not only the firms, but also the executives themselves may appropriate rent from their international human capital.

Transferability and Rent Appropriation

Managerial human capital, as an example of an imperfectly transferable and imitable source of idiosyncratic resource for a firm, is largely composed of tacit knowledge. It involves learning-by-doing with little or no codified blueprint (Castanias and Helfat, 2001). Barney (1991) argued that the characteristics of imperfect mobility, inimitability, and heterogeneity of resources that firms own are prerequisites for rent generation from those resources. When firms hire new executives, the ease or difficulty in transferring managerial human capital within the respective firms becomes important.

Even when tacit knowledge is imperfectly transferable, firms still benefit from employing individuals (Kor and Misangyi, 2008) who acquire international or internationalization-related tacit knowledge. In case of tacit knowledge that resides in executives, firms that employ those top-level organizational members can greatly benefit from assimilation of their knowledge in the areas of decision-making, strategic direction, and performance outcomes, and such. Though tacit knowledge can be imperfectly transferred from one individual to another, it can be communicated and assimilated into the organizational stock of knowledge through the establishment of shared understanding between individuals by providing common structure and meaning to the knowledge to facilitate the transfer (Duguid, 1991).

As production requires the integration of multiple individuals’ specialist knowledge, maximizing knowledge transfer through cross-learning (i.e., sharing individual knowledge and learning by
organizational members) lead to achieving organizational efficiency through effective integration. Effective integration requires recognizing the role of knowledge sharing, diffusion of knowledge, building routines, and interdependence among the individual members of the organization. Thus, knowledge integration happens through communication, exchange, and division and the delegation of tasks. Due to these organizational processes, despite the assumptions of limited transferability of tacit knowledge, individuals are regarded as repositories of specialized knowledge that are valuable for the organizations as a whole. This leads us to assert that organizations are able to transfer international human capital of individual managers beyond their primary organizations.

Organizational-Level Outcomes

Organizations are considered bundles of unique resources. The knowledge and experience of CEO and TMT members are recognized as important intangible assets that contribute toward their firms’ sustainable competitive advantage and performance. Managers and executives, as individuals with specialized knowledge and skills, can create significant firm-specific organizational capabilities. They do so by integrating tacit knowledge to formulate and implement strategies (Kor and Misangyi, 2008; Prashantham, 2005; Hambrick and Mason, 1984). Extant literature widely acknowledges the organizational-level outcomes of various types of managerial human capital.

Firms that employ CEO/TMT members with vast international experience or prior experience with internationalization have a higher propensity toward knowledge-based innovation (Prashantham, 2005), which often translates into higher profitability and rate of return. Kor (2003) found that top management team members’ experience-based competence lead to the enhancement of organizational capacity and sustained growth. International experience of executives and TMTs are found to help firms in overcoming the liability of foreignness (Rivas, 2012). Lee and Park (2006) found that TMT international exposure diversity, measured in educational and work experience beyond one’s country, is positively related to both firm internationalization and international alliances. Sambharya (1996) found that the international experience of top management team members was positively related to their firm’s international diversification. The number of years that an executive works on international assignments is found to be positively associated with their firm’s performance and global strategic postures (Carpenter et al, 2001).

Individual-Level Outcomes

The typical tenure of a top executive at the same company rarely lasts a lifetime. As a result, the phenomenon of executive mobility becomes relevant. Given that an individual’s experiential knowledge and skills facilitate organizational outcomes, when selecting an executive, the selection committee values a candidate’s specialized knowledge, skills, and experience to determine if they would positively contribute to the firm’s strategy and performance.

The nature and quality of managerial resources, as reflected by knowledge, skills, abilities, and other characteristics, have important implications for selection and training of executives, and their compensation (Castanias and Helfat, 2001). Empirical evidence suggests that firm-level knowledge often resides in the minds of knowledge-based employees, such as top executives. International human capital will likely change an executive’s perspectives on managing and leadership. These executives can continue to generate and extract quasi-rents, i.e., value and/or compensation, as they command a high bargaining power (Chacar and Hesterly, 2008; Chacar and Coff 2000). Their knowledge and skills help enhance their bargaining power.
When making hiring decisions for an executive position, the selection committee assesses the skills and experience of a candidate that they believe will contribute to the future success of a firm. Top executives, due to their active involvement in the international operations through major decision-making, acquire specialized knowledge and experience that they carry over to the next firm when they leave their previous position. This stock of individual-level knowledge can greatly enhance the stock of knowledge of the new firm, as the migrating executive’s experience of diverse markets and culture can substantially add to the knowledge base of the firm. Over time, this knowledge can be integrated into the new organizational setting, even when a manager in a leadership position leaves his/her position in the previous firm.

Based on the notion that international exposure and firm’s internationalization have a positive effect on the social and human capital of individual members of an organization, this extended model suggests that international human capital would have a positive effect on the executives’ job prospects. Consistent with the bargaining power perspective (Chacar and Hesterly, 2008) and job characteristics literature (e.g. Gowan and Lepak, 2007), it is plausible that the favorability of outcomes in terms of executives’ job prospects largely increase due to their international managerial human capital.

**IMPLICATIONS FOR FUTURE RESEARCH**

The theoretical, empirical, and managerial implications of the extended human capital model are multidisciplinary. The antecedents and outcomes of this model intersect the fields of human resources, strategic leadership, strategic management, and international business.

Future research in human resources and leadership may reveal other related factors (e.g., international alliances, mergers and acquisitions, global sourcing, global product innovation) that may strengthen, weaken, and further explain the development, application, and the boundary conditions of international human capital. Researchers may also examine how the international human capital relates to quasi-rent appropriation (i.e., individual-level paybacks), especially considering migrating executives’ job prospects in terms of the size and performance of the new firm, complexity of the new position, level of compensation received in the new job, and time taken to find reemployment.

Strategic management may serve as a ground for determining how the international human capital of managers relates to the global competitiveness of firms. Given that certain aspects of managerial knowledge are firm-specific, further studies in strategic management may explore the varying influence of executives’ international human capital on organizational strategy at different strategic levels (i.e., functional, business, and corporate strategies) and performances (e.g., financial, social, environmental). Another interesting stream of research may address the question of how network structure and density both at the TMT and organizational levels may moderate the effects of international human capital.

Scholars in international business may explore the specific dimensions of international human capital that are rooted in a firm’s scope, diversity, degree, and intensity of internationalization. These dimensions may vary based on cross-national distance (e.g., geographic, political, economic, cultural, administrative). Studies may also evaluate how international human capital relates to the inflow/outflow of foreign direct investments regionally and globally. A parallel stream of research in international management may also explore the differential role of: a) the dimensions of cross-national institutions (e.g., political, cultural, economic), b) the length of top managers’ international experiences in certain countries or regions, in the development of managerial international human capital.
CONCLUSION

The extended model of managerial human capital, introducing the international managerial human capital, is anticipated to be highly relevant to the multinational firms operating in this era of unprecedented globalization. The contributions of this model complement the prior studies on knowledge-based theory of the firm (Grant, 1996; Zander and Kogut, 1995; Kogut and Zander, 1992) and those of the strategic human capital. The model proposed that the specialized knowledge gained from global experience, whether directly acquired or vicariously learned, is an important determinant of managerial human capital, individual-level rent appropriation, and organizational outcomes. While the knowledge-based theory focuses on the characteristics of knowledge and its impact on a firm, this paper explained the differences in the processes of knowledge accumulation and the stock of knowledge among the individual members within an organization. Literature review, encompassing several areas of management (e.g., strategic human capital, international management), indicates that executives acquire international human capital owing to the differing degrees of their firms’ internationalization and individual international exposure. The findings identify how the global sources of tacit knowledge lead to the accumulation of both individual- and organizational-level of knowledge that is transferrable across organizational boundaries. Finally, the paper discussed how top managers and their organizations are able to appropriate rents and quasi-rents from this newly proposed specialized knowledge.

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