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# Uncovering Recruitment as a Strategic Lever for Various Forms of Organizational Capital

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## Abstract

Whereas the structuring and growth of the firm have long been central to conceptual development in strategy research, the literature has largely ignored how a fundamental practice such as recruitment can be of strategic importance for the sustenance of the firm's growth. The present study introduces recruitment as a strategic practice and elaborates on how this practice is crucial in creating and editing social and economic capital of the firm and how this interplays with its growth. It suggests three entrenchments – vertical, horizontal, and lateral – for striking a balance between the firm's explorative (diversification) and exploitative (specialization) activities for creating and modifying its competence base through strategic recruitment.

**Keywords**: Recruitment, Strategy, Practice, Growth, Capital, Exploration, Exploitation

**JEL**: M100, M510

## Introduction

Recruitment is a broad term, commonly used to denote the identification, selection, and retention of competent and/or desirable employees to meet actual, aspired, or expected changes in the organization. Indeed, recruiting the right people (Yakubovich & Lup, 2006), at the right time (Uggerslev, Fassina, & Kraichy, 2012), in the right way (Ma & Allen, 2009), and under the right conditions (Breaugh, 2008) is fundamental to the survival, growth, and even superior performance of firms (Pfeffer, 1998a). Needless to say, human capital as composed of employees' knowledge, skills, and abilities (Coff, 2002) is key to the stability and growth of the firm because employees with appropriate and high levels of human capital are less likely to leave their organizations (Shaw *et al.*, 2009) and contribute to the performance of the firm (Jiang *et al.*, 2012).

The strategic management literature has long addressed the view that organization members' core competencies and capabilities influence the growth of the firm (Peteraf, 1993; Prahalad & Hamel, 1990). Yet, despite their importance for sustained competitive advantage (Barney, 1991; Grant, 1996), research shows that developing internal expertise in knowledge-intensive firms to match the increasing needs for capability development and growth may become captive in core rigidities (Leonard-Barton, 1992) or their own "trained incapacities"(Veblen, 1914). This is a time-consuming and laborious process with high risks of failure (Hitt *et al.*, 2001). Although advances in the dynamic capabilities view (DCV) have addressed this inconsistency between resource and knowledge-based views of the firm (Helfat *et al.*, 2007; Teece, Pisano, & Shuen, 1997) through concepts like 'resource cognition', or the identification of resources and the understanding of their fungibility (Danneels, 2011), and evolutionary models of learning (Zollo & Winter, 2002), the literature still remains inconclusive as to how firms can strategically manage and develop human capital in pursuit of realizing diversification and growth strategies (Kor & Leblebici, 2005; Ployhart & Moliterno, 2011). Whereas the DCV has extended the resource-based view by paying attention to knowledge as a fundamental resource (Teece, 2007) that plays a crucial role for understanding firm structure and behavior (Grant, 1996), it has been limited in explaining the particular processes and practices by which firms enact knowledge-based resources in structuring the organization in the face of growth.

Practice-based approaches to strategizing and organizing offer a complementary approach to the subject matter. For example, as opposed to RBV and much of the literature in the KBV, Orlikowski (2002) showed how the practice of distributed organizing in a multinational software company was less as a readily available stock of resources and more as a provisional capability, continuously constituted and reconstituted through individual and collective action. Similarly, Chia and Holt (2006) showed how strategizing is less a resource, such as a strategic plan or deliberate activity, and rather a non-deliberately emergent practical coping with effective organizational results. Although growth and changes in organizational structure are largely neglected areas in practice-based approaches to strategy, what these examples show is that organizational activities are effectively explained through individual agency, emergence, and situatedness of action instead of keeping the analytical lens focused on the assumed stability, purposeful appropriation, and planned change of resource and capability bundles of the firm as implied in both the RBV and DCV of the firm. Complementing extant knowledge in this way may help explaining what constitutes the resource configuration of the firm, how such configuration and reconfiguration takes place, and why sources and practices of resource configuration and change can alter the structure of the firm and yield growth. In this regard, practice-based approaches are promising as they help bridging the divide between structural and individual explanations to the constitution of social and economic order and change (Bourdieu, 1990).

Building on the work of Pierre Bourdieu and following earlier research in the field of strategy-as-practice (Johnson, Melin, & Whittington, 2003; Regnér, 2008), the present study aims to work towards filling the research gap by offering a practice-based approach to recruitment as a strategically important activity in the pursuit of managing its capability base. Such a perspective offers a number of contributions. First, our processual analysis of recruitment practice contributes to strategic management research in general by suggesting three generative entrenchments (vertical, horizontal, and lateral) by which the firm strikes a balance between exploration (diversification) and exploitation (specialization) of its competence base (March, 1991). Second, our study contributes to the strategy-as-practice perspective by providing a novel approach to growth – an important strategic management topic that has remained obscured in practice-based studies.

## Theoretical underpinnings

In this section, we first briefly discuss the literature on recruitment and performance and this section with a motivation for a practice-based approach. We then delineate some basic assumptions following Bourdieu's (1977, 1986, 1990) practice theory in general and his elaboration of forms of capital in particular which will inform our analysis of recruitment as strategic practice.

## The recruitment-performance link

A common view in the human resource management (HRM) literature is that extensive recruiting, selection, test validation, and the use of formal selection procedures positively affect firm profits (Terpstra & Rozell, 1993). In a similar vein Ulrich and Lake (1991) suggested that human resource practices can be used by firms to develop strategies that will lead to a sustained competitive advantage, stating that there must be a focus on the relationship between human resources, strategies and competitive advantage. Consistent with this call some researchers have found that 'High Performance Work Practices' such as extensive recruitment, selection, and training procedures, along with information sharing, performance appraisal programs, promotion and incentive compensation procedures reduce employee turnover and increase productivity and corporate financial performance (Huselid, 1995). Meanwhile, some researchers suggest that technical HRM practices are more institutionally entrenched than strategic HRM practices and that the latter has much potential to develop. For example, Huselid, Jackson, and Schuler (1997) reported significant relationships between strategic HRM effectiveness and employee productivity, cash flow, and market value. Yet other researchers have shown that employees with high levels of human capital are better able to learn at work and that this facilitates the development of a specific human capital (Ployhart & Moliterno, 2011). This has led yet other researchers to propose that organizations should "focus more on practices, such as recruitment, selection, and training when enhancing employee skills" (Jiang *et al.*, 2012: 1278).

Spending time and effort into developing the human capital of employees may indeed reduce the likelihood employees leave the organization, though only because their human capital becomes captive in the current organization's unique knowledge stock and thus hard to yield value elsewhere (Barney, 1986, 1991). The flipside is, however, that organizations train their employees according to the efficiency logic of business which is the road to the 'success trap' (March, 1995). Repeating previous success strategies with enthusiasm thus stymies organizations to find, or even figure out alternative technological requirements for future success. This is why Veblen once proposed that organization members become captive into their own 'trained incapacity' or 'trained inability' of appreciating and acting upon "technological requirements of the industries from which they draw their gains" (Veblen, 1914: 193). One might then suspect that new recruits are important sources of innovation as proposed by Dalton and Todor (1979). However, Simonen and McCann (2008) tested the relation between recruitment (labor acquisitions) and innovation in high technology firms in Finland and found little or no evidence of this relation. This is remarkable yet understandable since Simonen and McCann's study confirms the central tenet of the knowledge based view of the firm that organization members' absorptive capacity rather than their relative newness to the task is fundamental to organizational innovation and performance (Cohen & Levinthal, 1990). More consistent with this view, and contrary to Simonen and McCann (2008), Singh and Agrawal (2011) recently found that when firms recruit inventors they also use their prior inventions by approximately 219 percent on average and estimates suggest that the importance of these innovators is persistent over time. In addition to these findings, research also shows bidirectional causal effects of recruitment of employees' capabilities and organizational strategy on performance. For example, Wright, McMahan, and McWilliams (1994) showed that when organizations recruit employees with competencies consistent with the organizations' current strategies they exhibit higher performance and reversely, organizations perform better when adapting their strategies to their employees' competencies (Miles & Snow, 1994; Wright *et al.*, 1994).

These findings suggest that recruitment of high-performing individuals is an important predictor of mitigating the 'success trap' of organizations (March, 1995) which follows from 'trained incapacity' (Veblen, 1914). An extended effect of this line of reasoning, as some research shows is that employees make certain investments when recruited to an organization but that they are unable to obtain the returns associated with the investments made in developing the specific human capital if they quit (Shaw, Gupta, & Delery, 2005). Maintaining stability is therefore important at the organizational level, because although "most employees can be replaced, the cost of replacement can be significant and may affect projected income and, accordingly, the target's value" (Coff, 2002: 109).

However, attracting and retaining recruits that generate extraordinary returns and competitive advantage hinges on a number of factors. Among a set of seven factors, Pfeffer (1998b) suggested employment security, selective hiring of new personnel, compensation based on organizational performance, extensive training, and extensive sharing of financial and performance information as predictors of organizational performance through successful recruitments. These are particularly important factors when treated in relation to organizational growth. Leung (2003) showed that when entrepreneurial firms evolve from the start-up phase to growth the requirements for person-organization fit change substantially. Based on her exploratory interview-based study of four Singaporean firms, Leung (2003) proposed that whereas entrepreneurial firms recruit their core team members from their social networks due to a lack of resources and organizational legitimacy during the start-up phase, they intensify their search for core team members in business networks in the latter phases of the growth of the firm. There are several arguments for why entrepreneurial firms recruit their core team members from business networks rather than social networks, open markets, or from within according to Leung (2003): (i) to instigate the professionalization process during the growth phase of the firm, (ii) to achieve a diverse pool of competencies, (iii) to ensure shared vision and trust, and fit with the organizational culture, and (iv) to maximize the organizational capacity in the shortest time possible. It was further proposed that: “Entrepreneurial firms tend to recruit people with shared values and backgrounds as their core members during the start-up phase” (Leung, 2003: 311).

Despite its volume and rigor, the HRM literature has been criticized for being dominated by practice-oriented approaches at the empirical level and have therefore been ‘theoretically deficient’ (Wright et al., 1994). The critique is specifically directed to the attempts made in prior studies to shift the locus of value from the absolute value of human resources to human resource practices. Wright et al. (1994: 317) are particularly concerned by practice-oriented approaches as they neglect the fact that HR practices are “easily imitated and/or substituted, and thus cannot by themselves be a source of sustained competitive advantage”. According to this logic, human resources are themselves the source of sustained competitive advantage, “not the practices used to attract, utilize and retain them” (Wright et al., 1994: 317). Prior research to some extent substantiates our suspicions that empirical studies of strategic approaches to human capital in general and recruitment in particular at best illustrate results consistent with the theoretical implications of the strategy literature but hardly integrate strategic concepts in their studies (Becker & Huselid, 2006). As Becker and Huselid (2006: 900) noted; “the strategy literature simply provides a theoretical context for examining the implications of HR for firm performance”. However, the strategic human resource management view adds yet another dimension to this by combining the strategy and HR literature and suggests three implications based on the VRIO framework (Barney & Wright, 1998). The first implication is that sustainable competitive advantage stems from firm-specific skills more than general skills. The second is that sustainable competitive advantage comes from teams more than from individuals. The third suggests that sustainable competitive advantage stems from HR systems more than from single HR practices.

In substantiating their argument, Wright et al. (1994) further argue that why HR practices cannot themselves be sources of sustained competitive advantage is because the tools (e.g., ability tests, training programs, performance evaluation systems, compensation systems) are readily available to be purchased and thus cannot guarantee the rarity, inimitability, or non-substitutability of sustainable resources according to the RBV. This is true, but only to the extent that material tools and systems for selecting, recruiting, retaining, and developing the firm’s human capital embody the whole complexity of HR practice. In fact, practice theory warns of such techno-centric assumptions as they tend to treat tools and technology as an independent or moderating variable with certain direct or indirect effects on multiple organizational outcomes (Orlikowski & Scott, 2008). From this view, technology is only one part of the whole nexus of social, bodily, affective, and normative dimensions of practice (Reckwitz, 2002; Schatzki, 2005). Thus, even though HR or recruitment practices are indeed ‘moderators’ or ‘levers’ of sustained competitive advantage (as suggested by Wright et al., 1994), they are first and foremost parts, neither hierarchically above nor qualitatively more sophisticated than other strategic practices to which they belong and that carry the capacity of outperform competition. However, we do indeed believe it is true, as argued by Wright et al. that the “aim of human resource practices is to encourage individuals to behave in a way that supports the organization… [and] the human resource capital pool is a necessary but not sufficient condition for human resources to act as a source of sustained competitive advantage.” (Wright et al., 1994: 319-320).

In providing a relational view of the value of human capital, we will now turn to Bourdieu’s (1977, 1990) practice-based approach to refine the concept of human capital and show how it is embodied in the knowledge base of individuals (Coff, 2002) and everyday practice of organization members. In doing so, we suggest that human capital value is relational, that is, the uniqueness and value of human capital walk hand in hand with the overall uniqueness and value of the capital configurations of the focal organization. Thus, organizational practices and processes may deter if not well immersed by new employees as much as they can be improved and strengthened if new employees share their knowledge and skills to the new organization.

## Practice and social capital

In response to the scarcity of conceptual tools focusing on the situated strategic ‘dwelling’ (Chia & Holt, 2006; Chia & Rasche, 2010) of knowledge-based resources in structuring the organization in the growing firm, we briefly outline the praxeological assumptions for the present study. In capturing the everyday activities in the structuration of the emerging firm we use the concept of practice as outlined by Bourdieu (1977, 1990). Bourdieu considered practice as incorporated dispositions, body schema with ordering principles capable of orienting practices systematically yet unconsciously. Practices, however, are provisional and dependent on the situation at hand rather than invariant schemes of action, “opaque to their possessors” (Bourdieu, 1990: 12). Thus, it is the practical sense or understanding of a given situation that explains the logic of the ambiguity and coherence between divergent sets of action enacted in response to the challenges of that situation. Practices further emerge from actors’ understanding of the social rules that surround them, particularly the ‘values’ of the different types of capital (economic, cultural, or social) that they possess. Particular patterns of practices therefore make sense once individuals grasp the value of different types of capital that they possess and the social structures that they operate within. However, social structures do not entirely determine what practices are performed, rather practices are carried out within a social context that makes certain actions seem more sensible (Bourdieu & Wacquant, 1992). In furthering his arguments about the logic of practice, Bourdieu suggested habitus, capital and the field as the three concepts that mutually constitute practice. Bourdieu was a strong proponent of a relational ontology, and these terms should be treated in relation to one another rather than in isolation. However, for analytic reasons we will present them in brief and with the purpose of understanding the meaning of each term separately.

Practices are carried out in a specific *field* which is oriented, and sometimes constrained but never produced by traditional precepts, customary recommendations, ritual prescriptions, and the like (Bourdieu, 1977). Thus, a field may be defined as a configuration between relations of logics that make up sites of action clearly distinguishable from other sites of action. Fields set the rules (formal and informal) of the game that inculcated members implicitly agree to follow and that make social interactions possible within a field. However, when deeply inculcated in a field, rules and norms become the *doxa* of a field – they are unquestionably and unnoticeably followed by members of a field and make up spaces for strategic decision making in which an infinite variety of practices can play out (Bourdieu, 1977). For example, recruitment may be considered as a practice carried out in the field of everyday human resource management or in new venture establishments. Both of these fields may have coinciding doxa, such as recruitment to managerial positions from business networks rather than social networks (Leung, 2003) or particular ways of targeting candidates for key positions (Breaugh, 2008).

Nevertheless, one practice cannot be ambiguously replaced by the other without considering the *habitus*, under which practices are carried out in each field. Because habitus is composed of a series of intelligibly organized dispositions, principles, moves, or strategies – however, without being the product of a genuine strategic intention – it also helps members of a field determine not only what their goals are, but also what practices to enact to achieve them. However, mastery in a specific field can only operate to its full extent when the carrier of practice holds a predisposed position and status within a field through accumulated stocks of *capital* appropriated on an individual basis.

Capital is though a polymorphous resource which comes in three fundamental forms: cultural, social, and economic capital (Bourdieu, 1986). The term capital is particularly concerned with the “potential capacity to produce profits and to reproduce itself in identical or expanded form” (Bourdieu, 1986: 241). Because, capital is accumulated labor (both as a reified and living labor) it enables individuals or groups to excerpt power and influence to appropriate situations in ways consistent with or as means to augment the logic of practice. Thus, capital is both “a vis insita, a force inscribed in objective or subjective structures, but it is also a lex insita, the principle underlying the immanent regularities of the social world” (Bourdieu, 1986: 241). Reproduction is furthermore a key characteristic of any form of capital – it is gained and sustained through continuous labor, it takes time to build, and it differs from the economic game of chance or luck distinguishing what is possible and impossible through its persistent form and process.

Cultural capital comes in the form of dispositions of the mind and body, as reified cultural knowledge (books, machines, etc.), and through appropriations of institutionalized sources (e.g., education, apprenticeship). Social capital comprises the value of resources accessible through one’s social network and is emphasized by the extent to which an individual can generate returns from conflicts by excerpting his/her power as accumulated through expenditure of time, attention, care, concern, etc., in social relations. Though, it is important to bear in mind that social capital denotes non-economic solutions to social problems and it is concerned with the positive consequences of sociability and how this can be an important source of power and influence (Portes, 1998). In his reflections on Bourdieu’s definition, Portes (1998) further suggested that social capital emanates from “deliberate construction of sociability for the purpose of creating this resource” noting that there is a consensus that the concept of social capital is about “the ability of actors to secure benefits by virtue of membership in social networks or other social structures” (Portes, 1998: 6).

Economic capital is appropriated through the control or access to monetary resources or other assets that may be directly or indirectly convertible into money. It is common for all three general forms of capital to determine the chances of success for practices and thus function in a durable way in a given field (Bourdieu, 1986). As Bourdieu further noted: “Wealth, the ultimate basis of power, can exert power, and exert it durably, only in the form of symbolic capital; in other words, economic capital can be accumulated only in the form of symbolic capital, the unrecognizable, and hence socially recognizable, form of the other kinds of capital.” (Bourdieu, 1977: 195) However, various practices emerge from actors’ understanding of the social rules that surround them, particularly the ‘values’ of the different types of capital (economic, cultural, or social) that they possess. Particular patterns of practices therefore make sense once individuals grasp the value of different types of capital that they possess and the social structures that they operate within.

Unlike economic capital, other forms of capital tend to increase with use and diminish, or at least become ineffective if set to play infrequently or held dormant. Therefore, social and cultural capital are neither objects that have durable and immanent powers that exceed space and time, nor should they be treated as possessions as their “effects” are always relative to the field in which they are set to play.

Informed by these assumptions stemming from Bourdieu’s forms of capital and the strategic management literature, our study was guided by four specific research questions that altogether address the issue concerning how recruitment is one among a bundle of strategic practices. The questions guiding our research are: How do firms accumulate and secure value? How do firms refine the human capital of the firm such that it becomes rare? How do firms make human capital bundles inimitable in a market? How do firms make human capital bundles non-substitutable across a selection of other (competing) human capital bundles? Although our questions address the competitive factors of the RBV from a human capital perspective, our study is particularly concerned with how these VRIN conditions are better explained through a practice-based lens that lends particular attention to various forms of capital in explaining the habitus of the firm as it plays out in a given field.

In this sense, we believe the forms of capital presented above and how they relate to one another more powerfully explain how value is produced and reproduced in the interplay between various forms of capital rather than keeping with prior views that assume that human capital is an endogenous human factor which produces value with some manipulation of exogenous factors. We see several benefits from this view. First, assuming that value is produced and reproduced through the interplay between various forms of capital opens up for dynamisms such that different compositions and strengths of various forms of capital across time and space may yield various forms of value (Bourdieu, 1986), equally or differently beneficiary to the firm’s survival and strength. Second, the same assumption allows us to locate value production and reproduction to practice-bundles rather than to individual actions over time and space. This is important as we may dislocate value production and reproduction from one another, i.e. that the same sets of behaviors do not necessarily yield the same value outputs (creation of something new, reproduction, modification, etc.). This latter view is a direct response to recent findings in the dynamic capabilities literature (Danneels, 2011) organizational routines literature (Miller, Pentland, & Choi, 2012; Pentland et al., 2012), and the strategy practice literature (Denis et al., 2011; Smets, Morris, & Greenwood, 2012). They all have in common the finding that institutions and norms both enable and directly constrain action, and more importantly they acknowledge the role of human agency in that the ostensive and performative nature of action varies from situation to situation across time and space (Feldman, 2000).

In this paper we apply a Bourdieusian approach to practice to analyze the relative position of various organization members in the field and how they reciprocate to change the structure of the firm in pursuit of expanding not only the economic capital of the firm but also its social capital. We will focus on the strategic practice of recruitment as a means of getting access to new fields and complementary sources of habitus as embodied in new recruits. Before we present our findings, we will turn to briefly describing the study object and its context and the methodological considerations made to elicit our results.

## Research site and methodology

The present study was carried out at Alpha (a pseudonym), a Swedish IT-consultancy firm founded in 2000 by two entrepreneurs with a single vision; to “start a company that we’d like to work in” (CEO). By starting Alpha, they “wanted to reintroduce the art of engineering as something fine” and were committed to reinventing the values and attitudes upon which the founding entrepreneurs’ prior company was built before it started to slip away from the original idea by following an aggressive internationalization strategy. Both entrepreneurs held top management and senior consultancy positions at the prior firm through which they had gained much social capital in the form of recognition within the industry, both among client firms and consultants. By replicating the perceived success factors of their prior firm, the entrepreneurs were optimistic about their ability to animate the underlying tacit components that they themselves had worked out through extensive labor in the field of IT consultancy in Sweden by established relations with clients, good relations with the best consultants in the field, and confidence in their ability to run a firm. How the story evolved is for space limitations displayed through the resource and capability evolution of the firm in table 1.

| Year | Strategy | Capability | Subsidiaries | Employees | New Customers | New Offerings | Sales* | Net profit* | Prof/Loss after net fin* | Net Prof/ Loss* | Assets* | Profit margin | Liquidity ratio | Solvency |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | Growth | Syst integration | 1 | 17 | 4 | 1 | 19 | 0 | 1 | 0 | 6 | 5% | 105% | 9% |
| 2002 | Growth | | 3 | 29 | 6 | 1 | 25 | 1 | 2 | 1 | 10 | 7% | 109% | 12% |
| 2003 | Capab creation | Syst architech | 3 | 34 | 5 | 2 | 40 | 0 | 3 | 2 | 16 | 9% | 100% | 17% |
| 2004 | Capab creation | IT management Syst developm | 4 | 51 | 4 | | 44 | 3 | 4 | 3 | 21 | 9% | 102% | 21% |
| 2005 | Capab ext. | | 5 | 79 | 2 | | 68 | 5 | 6 | 5 | 30 | 10% | 104% | 21% |
| 2006 | Growth | | 5 | 102 | 13 | | 121 | 12 | 17 | 12 | 45 | 14% | 136% | 28% |
| 2007 | Capab creation | Enterpr systems Business intellig | 9 | 177 | 17 | 2 | 179 | 19 | 28 | 19 | 83 | 15% | 135% | 27% |
| 2008 | Capab ext. | Infrastructure Integr/Architech | 14 | 193 | 8 | 1 | 131 | 6 | 9 | 6 | 75 | 11% | 128% | 23% |
| 2009 | Capab ext. | Architech/Devel | 15 | 215 | 6 | | 220 | 17 | 24 | 17 | 75 | 11% | 169% | 43% |
| 2010 | Capab creation & extension | Strategy; Strategic Bus Optim; Str anal & bus dev; Portal platf; Str IT gov; Integr; Str archit; Oper archit; Devel | 19 | 250 | 15 | 6 | 282 | 20 | 27 | 20 | 105 | 9% | 156% | 38% |
| 2011 | Capab creation | Proj & Progr mgmt; Requir & test mgmt | 24 | 309 | 16 | 2 | 382 | 31 | 44 | 31 | 134 | 11% | 158% | 38% |

**Table 1: Strategies, capability and resource evolution (* Million SEK)**

Our field study focused on everyday work structuring and strategic activities of Alpha's head office and four of its subsidiaries during eight months in 2010-2011. Our unit of analysis was the strategic practice of recruitment, and particularly the sources and goals of recruitment over time. Data was generated from four sources: interviews, work environment observations, archival sources, and public documentation and media reporting. Our main source of evidence is based on interviews (see Table 2).

| Position | Head office | Tech-Sub 1 | Tech-Sub 2 | Strategy-Sub 1 | Strategy-Sub 2 | TOTAL |
|---|---|---|---|---|---|---|
| Top management | 2 | 1 | 1 | 2 | 2 | 8 |
| Senior managers | 2 | | | 1 | 1 | 4 |
| Specialists | 2 | 1 | | 1 | | 4 |
| Senior consultants | | 1 | 1 | | 1 | 3 |
| Consultants | | 3 | 3 | 2 | 2 | 10 |
| INFORMANTS | 6 | 6 | 5 | 6 | 6 | 29 |
| INTERVIEWS | 8 | 7 | 6 | 9 | 10 | 40 |

**Table 2: Number and type of interviews**

Interviews lasted in average 59.75 minutes (range: 25-130 minutes) and were semi-structured in nature. Separate interview guidelines were followed depending on the position of the informant. However, specialists and consultants were asked of (i) personal information, (ii) how, why and what attracted the informant to Alpha, (iii) the structure, process, and activities of everyday work, (iv) perceived value to Alpha, and (v) reflections on vision, strategy, structure, and goals.

In operationalizing Bourdieu's forms of capital we followed the scheme presented in table 3.

| Capital | Sub forms/states | Basic features | Operationalization |
|---|---|---|---|
| Cultural | *Embodied (Symbolic capital)* | A. Body-Mind dispositions<br>B. Personal investment of time/labor<br>C. Laborious transfer process<br>D. Processes of transfer/acquisition disguised | A. Skillful, Smart, Professional, etc.<br>B. Education, Training, Personal projects, etc.<br>C. Apprenticeship, Coaching, Mentoring, etc.<br>D. Formally untraded activities |
| | *Objectified* | A. Objects/Material properties<br>B. Possession through economic means or embodied labor<br>C. Appropriation through embodied labor or by proxy<br>D. Transfer through economic or symbolic trade. | A-B. Object/artifact, soft-/hardware, processes, routines, etc., owned or controlled<br>C. Skillful use in person or set to use through employment<br>D. Use or ownership that yields direct or economic returns through restricted access to sources of economic returns. |
| | *Institutionalized* | A. Lasting/Durable difference<br>B. Makes comparison and recognition possible<br>C. Enables conversion between forms of cap.<br>D. Enables deciding value in trade | A-D. Restricted partnerships, Contracts, Certificates, etc., held on the basis of (repetitively recognized) embodied and/or objectified capital and that can be used as means of (econ.) trade and/or recognition. |
| Social | *Individual (direct)* | A. Recognized 'credentials' and acquaintances based on personal merits<br>B. Volume of social capital and size of network<br>C. Reacknowledgment by others | A+C. Appreciated, awarded, or recognized in various instances (media, seminars, etc.)<br>B. Measured as subjective judgments, e.g., when referred to as having a large/valuable network |
| | *Membership (indirect)* | A. Recognized 'credentials' and acquaintances based on others' (e.g., network) merits<br>B. Continuous effort in institution rites<br>C. Personification and identity with network<br>D. Delegated or mandated power to act | A. Being a member of a recognized network, organization, firm, etc.<br>B. Participation in corporate or network activities<br>C. Referred to as 'Alphean' or similarly with other network or organization.<br>D. The degree of experienced/felt freedom and responsibility to act. |

**Table 3: Operationalization of basic features of cultural and social capital**

Following an iteration of various data sources and extant theory we analyzed the data in four steps. First, we conducted an open-coding of interview transcripts, searching for various forms of capital associated with recruitment practices; second, based on the evolving codes we tracked down the evolution and growth trajectory of the group (offerings, capabilities, strategies, employees, etc., for Alpha and subsidiaries) by cross-checking with other documentation, and structured the findings in charts (Langley, 1999); third, we made a temporal cross-check analysis to validate the accuracy and persistence of events and decisions made over time, and reconstructed the firm's strategy-structure evolution by making detailed temporal visualizations by 'bracketing' (Langley, 1999) various temporal phases and key events (Yin, 1994); fourth, we attempted to make sense of how recruitment was treated as strategic and what constituted it with respect to (a) the firm's strategy and strategizing activities, (b) the firm's growth, goals, aspirations, and (c) the organization (e.g., routines, processes, policies), its management, and its structure. This resulted in three separate recruitment practice entrenchments (vertical, horizontal and lateral proxies) for strategic competence development.

## Findings

The three practice entrenchments are named vertical, horizontal, and lateral to illustrate the stretch and limits of boundaries in the notion of field within the practice of recruitment. We further illustrate how various forms of capital act as proxies for generating new competence fields and continuously reinforcing the logic of recruitment practice by uninterrupted growth rates.

### Vertical proxies

Beset by the idea of refining the "art and management of IT-consultancy" (CEO), the founders of Alpha faced a great challenge in the first years of operation. The art of IT-consultancy was immanent to the expertise or competence of consultants. They had to be knowledgeable in a relevant field of expertise, yet at the same time their expertise had to be desirable among a set of customers that would potentially serve Alpha with new assignments for some period of time: "We wanted to have a couple of really strong customers that would provide us with a secure cash flow over an extended period of time… but they'd only be interested in us if our consultants met their high demands" (CEO). Alpha faced a window of opportunity at the time. Systems integration services had for some time during and shortly after the IT bubble been a stagnant business within the IT services field, but around the time Alpha started its business (in 2001) systems integration became a world-wide booming trend with promising growth rates[1]. The founders had a particular expertise in the challenges and opportunities associated with this and were therefore already entrenched into this practice field from their latest assignments with their previous employer. Thus, as carriers of an 'optimal' cultural capital for business success, the founders were committed at targeting customers' core business: "Alpha's main interest lies in the customers' core business" (CEO). What further prompted the two founders' conviction of immersing into systems integration services was an understanding of the market for specialized consultants as: (i) freed from price pressures, (ii) exerted high demands on education and experience, (iii) need for expertise in complex projects, (iv) specialization in specific industries or functions, and (v) that specialized consultants are highly demanded by customers. As such, the founders themselves embodied these elements as competent, educated, and highly specialized consultants and placed great value in finding their alikes. They were deliberately focused on finding people that embodied the same mindset or cultural capital and who could competently address this market opportunity to create the field they wanted to 'play in'.

Entrenching this capital vertically was important as it would enable the founders to institute a 'micro-universe' (Greimas, 1977) in which founders, managers, and consultants alike would be able to effectively and coherently articulate meaning in their offerings and services and to durably practice, or transfer value in a unified manner across different customer sites within their field of expertise. To be inculcated into Alpha's micro-universe further implied being "either a good friend or a good colleague and a superb role model and motivator" (corporate communication). Inherent in this idea is two forms of capital; (1) cultural capital, upon which consultants build their expertise and recognition among others, and (2) social capital, as signified through their individual merits and reacknowledgment from customers and peers. As one consultant noted:

> *It's a matter of being confident with your colleagues and their expertise. Sometimes I tell the customer; "okay we have this problem. I'm not sure I can solve it, but I have a colleague who's very, very good…" This means I have to have confidence in that fellow, and feel that I know what he's capable of, I know he's pretty damn good in this area and if I know exactly how good he is in that field it's much easier to sell him in and I can be sure that he'll be able to deliver what I've promised to the customer.*

Prompted by this logic of being confident with peers and their capacity, the founders recruited their first 10 consultants from their prior employer. Indeed, recruiting the competence of these consultants was deliberately thoughtful as it directly matched the vast requirements in the market: "During the period 2001-2005, the strongest drivers for IT-investments were consolidation and efficiency of existing business processes and systems in order to get control over information management and thereby yield cost savings" (CEO, in Investment Proposition, 2007). The founders selected people who had a good track record, these were particularly selected on the basis of recognized levels of education, expertise in systems integration and architecture, and the extent to which they covered structural holes (Burt, 1992) in the founders' network and offered them to work under conditions that "they had only dreamt of" (CEO). This was an important step as all of them had common attitudes towards consulting and thus shared an important cultural element. But over and above that, they were all specialists in the area of systems integration and they were acknowledged for it among other consultants in the field and among prior customers.

> *Many of those we employed in the beginning had large networks, and that's how we got several big customers… they were sort of senior in their fields… The first projects became high priority projects, and seven consultants worked full-time for them for two and a half years. Whilst these seven people stood for the steady income of the firm, we started to develop other clients and offerings and hired more consultants. A culture started to emerge within Avega; to help each other over time, and to borrow from each other. (CEO)*

Animated through continuous iterations between top management and this initial team, Alpha developed a common sensibility for these recruitment choices, a proxy across levels of management early in its evolution. Sociability was "of

[1] According to IDC Worldwide and U.S. Systems Integration Services Forecast and Analysis 2003–2007.

outmost importance… to create a common sense for our work attitude", as noted by the CEO. In particular, sociability was a way of making key employees aware of their worth for themselves and for Alpha; "We wanted to be very credible: handshakes, eye contact… We were also meticulous about whom we employed, that they had a network" (CEO). Inculcating levels of management in common recruitment practice logics was important for overcoming the liability of divergent strategic decisions in the face of growth. As the CEO explained; "if in a pinch – if there is a question of whether a potential recruit matches our culture… Then one of our employees [managers] would typically come and ask: '[CEO], is this an 'Alphaean'?', and we'd start reasoning around it until everyone's clear about this". Once immersed in this recruitment policy regime, top and subsidiary management become distanced from the ritualistic prescriptions for recruitment and move intelligibly within the field: "it all becomes a sense, a feeling for seeing the individual's current expertise, attitude, and potential – all at once and how they fit with our way" (Subsidiary manager).

Indeed, the initial team of senior managers and consultants approached new recruits in a unified manner; "we were sort of already a team and everyone knew what kind of people we wanted to employ and where we wanted to reach" (Senior manager). Thus, a common cultural capital and field of expertise effectively funneled top management and new recruits in the desired direction and continuously justified the evolving recruitment practice of focusing on "senior consultants who were more driven by continuous development, interesting consultancy assignments, and to work with the best consultants in the field" (Senior manager). These strategic choices were crucial and helped Alpha to more than double its sales and fourfold its assets in three years. By 2005 Alpha had 79 full-time consultants employed.

Following these trends and understanding of the market, Alpha management decided on a seniority-based rationale for recruitment. Specifically, the concept of seniority concerned the degree of specialization in a particular IT-consultancy field, the amount of experience, and the level of education. Thus, to take on the role as a consultant at Alpha the founders and the initial team of managers decided to recruit consultants who had "vast experience and expertise in their specialist area and that the consultants are active in their professional development" (Manager). Following this rationale, Alpha's initial recruitment practice resulted in a highly educated pool of consultants with 71 percent of all consultants holding a Master's degree in a relevant discipline (mostly IT-engineering, IT-governance, IT-architecture, etc.), 26 percent hold a Bachelor's degree, and the rest have either a Doctoral degree or a relevant high school degree. Out of these no less than 70 percent had between 10-20 years of work experience from related areas of IT consultancy and management.

Beyond this seemingly entrenched human capital of consultants, being senior further implied certain economic values (and returns). Seniority-based recruitment was not a simple stand-alone practice. It had vast implications on the whole strategy and vision of the firm. To be precise, recruitment of senior consultants was a strategy practice at Alpha as its survival and growth would hinge on the credibility and potential profits it would help generating.

> *We've seen enormous value in the recruitment setting so to speak. We are quite keen on, how should I put it, hiring public consultants, or I mean recognized consultants, who are known in some area. It could be Agile computing, or in the areas of test management, in development, and so on where they [consultants] have acted as speakers at some kind of external seminars and forums, and these consultants are those who have many followers on Twitter, for example. It helps to build Alpha's brand in the recruitment setting, for attracting other consultants who are recognized for something. And that's exactly how we want it to work so that if you look up to a consultant who is very talented and passionate about a particular area they'd like to start working in the same company. (Subsidiary CEO)*

Alpha's symbolic capital was mainly based on a few identifying characteristics: (a) it had a clear vision and mission, (b) a simple but operationally very solid structure, and (c) a strong brand, recurrently reacknowledged among competitors, customers, and others for their "professionalism and competence" (TechManager) who had dealt with them in one way or the other. Because this symbolic capital was recurrently acknowledged, Alpha capitalized on it in both attracting competitive consultants (and others) and high profile customers (such as banks, public organizations, and large MNCs). This is how one Tech consultant puts it:

> *It all started in 2000 or 2001 in the middle of the worst [IT] hype. I read an article in Metro about Alpha, what it stood for, its achievements; that things were going really well for them. And, I guess it got stuck in my head. It fascinated me for some time. Not long after I started with [a competitor] and developed*

*some cool stuff, a security solution, a concept or a model actually for a bank. I was there for quite a time and there was another consultant from Alpha there as well and he recommended me to his boss, or actually to the Alpha top management team and immediately after they contacted me… this was in the spring of 2005. I was ambivalent for some time, I had difficulties breaking up with my previous employer, but then I realized [employer] was a small firm with grand visions about their growth and so on. The problem was that their grand visions were difficult to believe and they seemed to have difficulties realizing them. Alpha had a clearer vision, clearer goals defined, and a much simpler business model for consultancy. It was a much simpler firm in many respects still it seemed so much bigger and more attractive in a way.*

Indeed, senior consultants signified Alpha for what it appeared to be among customers and consultants from competing firms. But more importantly, senior consultants also helped generating ideas for future expansion as they essentially set the conditions and requirements for the kinds of assignments they want to engage in.

*In order to get a job here you have to be experienced, otherwise it's difficult to know what you want… and if you don't know what you want then you can't get the assignment you want. It all comes together very clearly, I think. That's why our organization isn't for junior consultants. (Subsidiary CEO)*

These strategic choices of senior consultants were crucial and helped Alpha to more than double its sales and fourfold its assets in three years. Senior consultants helped to secure important day-to-day work flows, plans, and quality, thus allowing managers to focus on growth, sales, and business development. Whereas Alpha's initial expertise was determined by the extent to which they managed to recruit senior consultants experienced in systems integration, new recruits were also important for rooting the company's business model and strategy. This competency spotting capability was related to the fact that the CEO himself carefully approached and selected highly competent people in his personal and professional networks – a practice that still seems to dominate the way Alpha identifies and attracts competent people: "Approximately 90 percent of Alpha's recruitment is done through personal networks," the CEO told us.

| **Capital** | **Strategy** | **Strategizing** | **Recruitment rationale** | **Managerial decisions** | **Empirical example** |
|---|---|---|---|---|---|
| Human | *Field penetration* | Vertical entrenchment | Seniority based | Vertical entrenchment through external | "We are always trying to attract the best consultants to become a leader in that particular genre, or niche." (Subsidiary manager) |

**Table 4: Summary of vertical entrenchment**

**Horizontal proxies**

In a second phase, most notably the years between 2005 and 2009, Alpha's growth was marked by horizontal expansion both in terms of diversification and additional subsidiaries. It was also during this period that Alpha employed most of its employees (136 consultants). However, in 2005 a lengthy developmental project was coming to its end at one of Scandinavia's largest banks but because Alpha had developed strong ties with the bank and constantly proving the benefits of their expertise, "they would not shut down the project despite the economic situation, and we learned that we need to find priority projects", noted the CEO. Indeed, this was the first time Alpha became aware of how their social capital played out among clients and realized that this was the best way of generating new resources and growth. Social capital was therefore perceived an important proxy for entrenching recruitment practice horizontally across the new subsidiaries and new areas of expertise. But, Alpha was concerned about how to finance their growth and leverage their social capital. In particular, they realized that their status among clients, competitors, and others was high but they also knew that "Competition was fierce about competent consultants and there's not too many of them out there… If Alpha would fail in retaining and recruiting competent consultants it would have negative effects on Alpha" (CEO). Therefore, Alpha introduced a number of measures for employee retention and most significantly it changed its legal structure so that key consultants and senior consultants would feel motivated to stay and develop Alpha in the desired direction: "The legal structure, among other things, has been created to increase motivation among key people in each subsidiary. The existing structure makes it possible to expand the activities of each subsidiary and establishing new subsidiaries in the group" (CEO).

When Avega were fifty employees, they took the step to Microsoft code (ASPX) – this meant that they got more assignments because the Microsoft code had spread. In 2006, the idea emerged to gather expertise in separate firms within the group. This was also an important means to signal to the employees that the consultants' expertise is appreciated and valued. By formalizing the structure this way, the specialists within each focus area knew that they were the ambassadors of the whole business idea of that particular subsidiary, increasing their engagement and willingness to share expertise with their peers. In addition, as noted by the Startup Manager; "This, however, is a pretty clear impetus [for subsidiary CEOs] to make the company grow and be responsible for their own budgets in a little different way than in a traditional consulting organization". Indeed, these measures were ultimately aimed for preparing for a public listing (2007).

In elaborating on finding new consultants, Alpha management continuously created, extended, and modified its competence base by building, merging, and splitting various offerings both due to responses to client needs and through structural changes (see Table 1 for these changes in offerings and numbers of subsidiaries over time). Whereas responses to client needs were notably provisional responses by subsidiary management; "we simply have to keep up with customer requests", structural changes were often subject to establishing the "standard Alpha way of managing growth," as pointed out by a senior manager. This is an illustration of the latter:

> *One of these companies here [points out a business area on a graphical illustration] started to build up quite a lot of expertise in an area called SharePoint, a Microsoft platform... When we were about 10 people we cut them off and now they are a specialist company with SharePoint consultants over here and the other continue as usual with Java development. And in exactly the same way, perhaps, this will happen to the integration specialists. We are 8-9 system integrators and I don't know where to put them, but they might form a small specialized company here [draws a box for the new venture] where we only work with systems integration. This is the way we have done it traditionally, when we have a company that becomes a little too big and diversified. (Subsidiary manager)*

Consultants are recruited on the basis of their specialized competence but not necessarily in an organizational unit predefined to the competence base of the recruit. Instead, under intense growth periods recruitment is done according to horizontal association logic in ongoing projects. New competencies are intuitively attached to old competencies in as IT-services fields evolved or changed until the composition of competencies in the internal structure reminded the management of a distinct evolving capability, as noted above. Horizontal proxies are complex, however, because they are difficult to separate – recruitments based on specific client requests and recruitments for carrying out structural changes tend to overlap and replicate previous diversification needs due to the liability of recurrent provisional recruitments for ongoing projects reaching a tipping point. Such observations are made habitually through regular meetings in the subsidiaries and across subsidiary boundaries.

**Lateral proxies**

In its most recent phase (2008-2011), Alpha faced new challenges. Employees reached well over 100, distributed over 9 subsidiaries and specialized in at least 7 different areas of expertise. Meanwhile, some of Alpha's largest customers started to ask for (perhaps in consonance with top management's wishes) quality certificates, such as ISO, and employee turnover was at 10 percent in 2008. In response to these contingencies, Alpha started two separate yet related projects; one, to develop a customized version of the ISO 9001, and two, a consultant-client coherence tool for increasing the match between consultant's expertise with the client's needs. Both measures would have direct impact on the economic capital of Alpha – the former through assumed higher customer retention rates and the latter through increasing the customer and consultant satisfaction rates and thereby increasing the chances for realizing their strategy of continued growth in each one of the existing areas of expertise. Against this background, our analysis revealed that recruitment practice stretched beyond human agency and was implanted in a variety of agents which made it possible for external actors in large, but other consultants and clients in particular to adopt it. We considered this dimension of recruitment lateral, because it extends beyond the Alpha organizational body and is not hierarchically positioned within or in relation to other practice activities. It is a function rather than a property of recruitment practice, which becomes a carrier of those values, desires, and action possibilities that Alpha management intentionally or unintentionally wanted to achieve. As one of the senior consultants, who later became the CEO of a subsidiary, told us: "Because we hire people the way we do, I think we are perceived as an incredibly professional organization that helps customers to understand *why* when we say 'this is what you should do'". Another senior consultant and subsidiary CEO said: "Before I came here, Alpha was known to me as 'one the world's best' in keeping track of solvency, liquidity, getting started with deals quickly, keeping a high tempo and volume in consultancy assignments. One almost dares to say, the best in the market on contract assignments".

The lateral dimension is expressed through a number of activities aimed to inculcate external consultants and clients into the specific logic of Alpha's recruitment practice, which aims to involve others to understand the practice to the degree that they conceive of it as something worthy of achieving. As expressed by one consultant: "I found Alpha's way of attracting people as unique… in the sense that they're working on a more strategic level, they don't do traditional CV-matching, which many IT consulting companies do". However, to inculcate others into their recruitment practice, making it a source of differentiation from competitors, required a good deal of branding for rendering their competencies desirable for consultants in other firms and for their clients. "You can see it immediately when you're on a project who are from Alpha and who are not", as one consultant declared. Consultants from other firms would, as further noted by our informants, "acknowledge us immediately when they realize we're from Alpha, telling how much good they've heard about us… and these can be really competent people telling us these things". Another, newly appointed subsidiary CEO recruited from a client firm told us; "I chose Alpha because it is the best consultancy company on the market". A vantage point of this lateral dimension of recruitment practice is that with time, it required fewer ambassadors to internally espouse the prominence of this lateral proxy of practice but more people who enacted or performed it in everyday life. Whereas initially employees and management would be keen on making explicit the "value of having the right people on board" (CEO) through careful assessments of "people's qualities to fit in with the Alpha culture" (subsidiary CEO) and "their potential to be self-propelled and autonomous" (subsidiary CEO), over time consultants' performance and the company's achievements would signify the lateral dimension of Alpha's recruitment practice. "The most important thing is to grow with quality. We have been a profitable company from year one ... It's all about focus, have good sales, and good people on board," the CEO concluded.

The lateral proxy is neither sufficiently motivated nor primarily achieved by material desires, such as the possibility of access to the company's profits through higher salary or bonuses. Rather, as many consultants explained in retrospect, the lateral recruitment proxy played out through a desire for a "pleasurable relation to assignments" and an "immanent desire for learning what Alpha consultants know".

> *I'm not thinking of it so much because I hope that I'm myself one of them, but when I came to Alpha, I knew how good they were, but they still could, and I understand it now after I've learned that I was miles behind them, engage and talk about the problems I encountered… but still they were just so… confident, interested and had a great deal of… they're just so, I mean we are really interested in our jobs and it's not the pretentious way, people are so damn skilled here... read IT-literature, follow a podcast, do some private coding, run their own side projects… (Senior consultant)*

Alpha has continuously reinforced this tendency to conceive of their consultants as top professionals and carriers of something desirable. For example, part of Alpha's recruitment practice is to present the potential consultant's CV to people in ongoing projects (both Alpha consultants and client representatives) to assess whether the individual's knowledge base and experience are useful to them. Every new consultant is handpicked.

## Discussion and Concluding remarks

By offering a practice-based approach to recruitment as a strategically important activity in the pursuit of managing the capability base of the firm, the present study has aimed to partly fill the research gap in the resource-based and dynamic capabilities views regarding strategy, structure, and growth. First, our analysis of recruitment practice has specified and illustrated three strategic capability field entrenchments (vertical, horizontal, and lateral) by which the firm balances dynamically between exploration (diversification) and exploitation (specialization) of its competence base over time. This is an important contribution as it is not only sensitive to explaining ways of overcoming liabilities of causal ambiguity and resource scarcity in creating and modifying firm capabilities (Barney, 1991; Kogut & Zander, 1993) but also illustrating how recruitment as a strategic practice can powerfully explain the micro-dynamics of organizational boundaries (Araujo, Dubois, & Gadde, 2003; Santos & Eisenhardt, 2005). Second, our study has contributed to the strategy-as-practice perspective by focusing on recruitment practice and growth, which is an important strategic management topic that has remained obscured in practice-based studies. In particular, our study has shown that when such a recurring activity as recruitment is treated strategically it expands and edits various forms of social and economic capital which contribute to firm growth. In particular, our study showed that social capital was an important proxy for emanating heterogeneous competencies accumulated through provisional recruitments for ongoing projects located in structurally unrelated subsidiary units.

A third point relates to Wernerfelts' recent elaborations of the theory of the firm. This is how he expressed it:

> *"In particular, some 'big' manufacturers may almost certainly need one or more specific services in every period. This feature makes it possible to specialize as an employee. So laborers can be generalist employees (superintendents), specialist employees (plumbers working full time for big landlords), or specialists selling in Markets (independent plumbers). Specialist employees are very efficient; they perform only the service they are best at and they do not have to pay specific setup costs. Reflecting this, I find, under reasonable assumptions, that the most efficient sellers become specialist employees, while the least efficient sellers become generalist employees. (I also find that Markets are used for services with greater gains from specialization and less aggregate demand.)" (Wernerfelt, 2013: 642)*

Wernerfelt's point is substantiated in our study in providing an alternative answer to what it means to be a 'generalist' respectively 'specialist' employee in a PSF setting. However, we are cautious about this causal relation in the case of PSFs as high personal costs are incurred by maintaining and developing one's social and cultural capital and thus would successively drive consultants towards a more 'convenient' job – as an internal coach, specialist for internal (operational or strategic) tasks, or simply as a manager. All of these cases are normally seen as promotional measures, as incentives for staying longer than expected with the firm. Yet, some of these measures, if not all, are also strategic as with time specialist consultants' tacit knowledge about the business logic of the firm increases and is easily transferred, imitated, and just as the case of Alpha reveals successfully implemented elsewhere should the specialist consultant not be captivated in a new intriguing position within the firm. Moreover, we should not downplay or neglect the value of playing out the various forms of capital as proxies for striking a balance between employee retention and employee development. Both of these activities are necessary entrenchments of recruitment practice as they ultimately make the competitive knowledge-based resources of the firm durable and executable during expansion and growth.

| | **Vertical** | **Horizontal** | **Lateral** |
|---|---|---|---|
| **Period** | 2001-2005 | 2005-2009 | 2008-2011 |
| **Key events** | Start-up | First-North List | Nasdaq OMX |
| **Form of capital** | Cultural | Social | Economic |
| **Business configuration** | Specialization | Diversification | Specialization |
| **Strategic activities** | Focus and internal alignment | Extending competence | Funneling stakeholder interests |
| **Practice implications** | Unification | Multiplexity | Extension of 'shadow of future' |

**Table 5: Summary of findings**

Our analysis of Alpha shows that recruitment is inherently a strategic choice in the Bourdieusian sense, that is, a search for socialized bodies containing a generative, creative capacity to understand and sense (Bourdieu & Wacquant, 1992) the particularities of the situation better than or different from others, and therefore endowed with a structuring potency. When deciding to recruit particular individuals and not others, Alpha management was oriented towards playing out the 'practical sense' of their new recruits because they were assumed to generate, through their distinctive expertise and credibility, the growth and profits necessary for survival and competition in the fierce environment of IT-consultancy in Sweden. In this way they 'precognized', or read "in the present state the possible future states with which the field is pregnant" (Bourdieu & Wacquant, 1992: 22) in a way favorable to their sustained organic growth.

In our study, we have outlined the concept of lateral proxy as an effect of recruitment practice that transports values, desires, and action possibilities intentionally or unintentionally aspired by Alpha management. This conceptualization resembles, but goes beyond similar approaches found in the organization theory and HRM literature such as “organizational image” (Dutton, Dukerich, & Harquail, 1994), “firm reputation” (Collins & Han, 2004), “employer of choice” (Ulrich & Lake, 1991), and “employer branding” (Edwards, 2010).

Our findings further indicate, in resonance with Bourdieu (1977) that recruitment practice has a temporal dimension that is inextricably linked to the growth of the firm. However, tempo as recognized in our findings is a dialectical means for business strategy.

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