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Human Resource Management Executive Presence in Top Management

People and the structures that enable them to contribute to organizational outcomes represent important topics in the fields of strategic human resource management (HRM) and strategic management (Huselid et al., 1997; Mueller, 1996; Barney and Wright, 1998; Carpenter et al., 2004). While strategic HRM often focuses on people at lower levels of the organization (e.g. Huselid, 1995; Huselid et al., 1997; Lepak and Snell, 1999), and strategic management research often focuses on demographic characteristics and structure of strategic leadership groups at the apex of the organization (e.g. Cannella and Hambrick, 1993; Finkelstein and Hambrick, 1988; Fredrickson et al., 1988), both bodies of research are grounded in the premise that people influence organizational outcomes (Becker and Huselid, 2006; Finkelstein et al., 2009).

While these two research streams provide potentially important insights into how and when people matter, with the exception of a relatively small number of studies (e.g. Caldwell, Truong, Linh, and Tuan, 2011; Collins and Clark, 2003; Welbourne and Cyr, 1999; Cyr et al., 2000; Andrews and Welbourne, 2000; Ulrich, Younger, Brockbank, and Ulrich, 2012), extant research has yet to fully explore potential intersections between strategic leadership research (Hambrick and Mason, 1984; Finkelstein, Hambrick and Cannella, 2009) and strategic HRM research. In order to more fully integrate insights from these two theoretically distinct yet philosophically consistent literatures, we draw upon research on executive job demands to explore the presence of human resource executives in top management.

In their 2005 work, Hambrick, Finkelstein and Mooney define executive job demands as “the degree to which a given executive experiences his or her job as difficult or challenging,”

(2005: 473). Drawing upon this conceptualization of executive job demand we address unique sources of executive job demands faced by a chief executive officer (CEO) stemming from the HR function of a firm. We refer to these types of executive job demands, as CEO human resource management demands. We define CEO HRM demands *as the extent to which a CEO experiences difficulty or challenges in managing the human resources of a firm*. While the definition of CEO HRM demands parallels that of executive job demands provided by Hambrick and colleagues (2005), CEO HRM demands is conceptually narrower than executive job demands in that CEO HRM demands adopts a human resource functional perspective and focuses on the CEO. Narrowing our focus in this manner allows for a detailed exploration of unique sources of executive job demands faced by the CEO.

Building upon the notion of CEO HRM demands, we develop a theoretically grounded and integrated explanation of human resource executive presence in top management. CEOs are responsible for the staffing and structuring of top management (Finkelstein et al., 2009). Given their responsibility for top management team (TMT) staffing, we argue that the extent to which CEOs face HRM demands shapes their decision to staff their TMT with a human resource executive. Research from the domains of strategic leadership and strategic HRM both suggest that human resource executive presence in top management represents a potentially important decision for organizations and TMT staffing (Welbourne and Cyr, 1999). Yet, relatively few empirical studies examine the antecedents of TMT staffing (Hambrick, 2007; Vinkenbunrg, Jansen, Dries and Pepermans, 2014), and even fewer focus on the presence of the HRM function representation in top management. An examination of CEO HRM demands provides a theoretically cogent means of filling this theoretical and empirical gap by integrating the strategic HRM and strategic leadership research streams.

Similar to the broader form of executive job demands articulated by Hambrick and colleagues (2005), we suggest that CEO HRM demands arise from two sources: 1) the context in which human resources are to be managed and 2) the ability of the CEO to effectively manage those human resources. By considering these two sources of CEO HRM demands, we integrate research from strategic HRM and strategic leadership in a way that expands our understanding of when the HRM function will be represented in top management.

In the sections that follow we briefly review the literature on the importance of HRM representation in top management. We then review the theoretical underpinnings of executive job demands. Next, we proceed to a discussion of CEO HRM demands and its dimensions. Having conceptualized CEO HRM demands and its dimensions, we then develop hypotheses regarding specific sources of CEO HRM demands and their implications for human resource executive presence in top management. We then proceed to a discussion of our methodology for hypothesis testing and present our results of hypothesis tests. We conclude this study with a discussion of study results, study limitations, and future avenues of research.

Theoretical Background

Strategic HRM research differs from traditional HRM research in its focus on the effects of human resources on organizational level outcomes (Becker and Huselid, 2006). Theoretically rooted in the resource based view of the firm (Peteraf, 1993; Barney, 1991) and contingency theory (Donaldson, 2001; Lawrence and Lorsch, 1967), a central thrust of strategic HRM research seeks to identify the environmental and organizational conditions that allow human resources to realize their fullest potential and create economic value for the firm (Wright et al., 1998; Huselid, 1995) through the adoption of human resource related structures, policies, and

practices. A similar focus on the role of people in shaping organizational outcomes, although at higher levels of the organization, is found in research on strategic leadership. This body of research is theoretically grounded in upper echelons theory (Hambrick and Mason, 1984). Upper echelons theory suggests that top management demographic and structural characteristics play a central role in shaping organizational outcomes (Guthrie and Datta, 1997; Rajagopalan and Datta, 1996; Hambrick and Finkelstein, 1987).

While strategic HRM and strategic leadership research both focus on the role of people and structures in shaping organizational outcomes, a paucity of research exists on the intersection of these two bodies of research. In order to address this gap, we draw upon strategic leadership and strategic HRM research to explore the antecedents of human resource executive presence in top management. Strategic leadership research suggests that the ability of a given functional area to contribute to firm strategy is shaped by its representation in top management (Fligstein, 1987; Pfeffer and Salancik, 1978; Nath and Mahajan, 2011). This view is consistent upper echelons theory (Hambrick and Mason, 1984), which suggests presence of a business function endows that function with structural power and a seat at the strategic leadership table (Finkelstein, 1992). Consistent with upper echelon theory insights, strategic HRM research suggests that human resource executive presence in top management may influence the ability of the HRM function to contribute to strategic outcomes (Wright et al., 1998). Moreover, the findings of strategic HRM research on this issue, while relatively few in number, suggest that the presence of human resource executive in top management can influence firm performance (Welbourne and Cyr, 1999). In sum, the upper echelons theory suggests that the presence of an executive in top management may shape organizational behavior and firm performance. As such, HRM representation in top management represents an important structural choice made by

CEOs. This perspective is echoed by research exploring the conditions giving rise to representation of the finance (Fligstein, 1987), operations management (Hambrick and Cannella, 2004), and marketing (Nath and Mahajan, 2011) functions within top management.

While consideration of the antecedents of human resource executive presence in top management may shed light into the determinants of an important structural choice, this study is not the first to focus on the antecedents of human resource executive representation in top management. Rather, that distinction belongs to the work of Cyr, Johnson & Welbourne (2000). The theory and results of Cyr and colleagues' (2000) study suggest that venture capital backing and initial public offering (IPO) risk factors increase the likelihood of human resource executive presence in the top management of IPO firms. While their findings provide insight into the role played by firm ownership characteristics and the corresponding risk preferences in shaping HR executive presence in top management, their findings overlook the role played by CEOs in the adoption of this important structural form. We find this omission surprising given the central role played by CEOs in top management teams (TMT) staffing and structuring decisions (Finkelstein et al., 2009; Finkelstein, 1992; Jackson, 1992; Hambrick and Cannella, 2004).

In order to address this omission we focus on the question of when will CEOs choose to include the position of human resource executives in top management? We argue that given the CEO's central role in determining TMT staffing decisions, we may gain important insights into the antecedent conditions of human resource executive presence in top management by considering the nature of CEO HRM demands faced by the CEO. We draw upon upper echelons (Hambrick & Mason, 1984) logic to suggest that as CEOs experience difficulty in overseeing the human resource function of the firm, CEOs will rationally seek out individuals to assist them in the management of the HR function. Consistent with this logic, we suggest that the CEOs choice

to staff a TMT with a human resource executive will vary according to the levels of CEO HRM demands a given CEO experiences.

Prior research on executive job demands suggests that the challenges an executive faces in a given executive position stem from both the *contextual characteristics* within which executive operates, as well as *characteristics of the executive* (Hambrick, 2007; Hambrick et al., 2005). Adopting a similar, but more function and executive specific conceptualization of executive job demands, we suggest that CEO HRM demands arise from contextual factors that shape the nature of HRM as well as from CEO characteristics that influence to his or her ability to oversee the HRM function. In the sections that follow we explore sources of CEO HRM demands stemming from the contexts CEOs face and from CEO characteristics that may influence their ability to oversee the HRM function. In order to guide our selection of potential sources of CEO HRM demands we draw upon strategic management and strategic HRM research. Specifically, we consider CEO HRM demands arising from industry, strategy, human resource, and CEO characteristics.

Contextual Sources of CEO HRM demands: Industry, Strategy and Human Resources

In deciding which contextual sources of CEO HRM demands to focus on, we imposed the criteria that each source should relate conceptually to the nature of HRM required of executives within a given firm. Research from the domains of strategic management and strategic HRM suggests that industry, strategy, and firm resource characteristics shape the nature of work conducted by executives (Datta et al., 2005; Baker and Cullen, 1993; Guthrie and Datta, 1997; Miles and Snow, 1978). We posit that each of these levels may give rise to unique sources of contextual CEO HRM demands. Consistent with this perspective we draw upon strategic

management and strategic HRM literatures to develop hypotheses regarding contextual sources of CEO HRM demands arising from the human resources 1) required by a firm's industry, 2) required by a firm's strategy, and 3) possessed by the firm.

High Technology Industries

Industry conditions can shape the task demands faced by top managers (Finkelstein et al., 2009; Hambrick et al., 2005) as well as the adoption of HRM related structures (Datta et al., 2005; Jackson and Shuler, 1995). For example, high technology industries, which are highly reliant upon new technologies to provide goods and services, represent an executive task environment that requires a high degree of information processing by firm executives (Eisenhard and Schoonhover, 1990; Tushman and Anderson, 1986). This is due to the intense competitive dynamics, and frequent customer preference shifts typical of high technology industries (Tushman and Anderson, 1986). These sources of environmental turbulence may place substantial information processing demands on top managers in order to cope with these issues.

While high technology industries represent a challenging task environment for top managers in general, they may also engender substantial human resource management demands. For instance, high technology industries generally emphasize new product and service development, which can disrupt organizational routines and production processes (Eisenhardt and Schoonhoven, 1990). In the absence of codified organizational routines and production processes, the need for a workforce that can effectively function under conditions of high autonomy is likely to increase (Batt, 2000). The development of such a workforce is likely to increase the need for careful selection, training and development of employees that are able to

rely upon their own tacit knowledge to function in the absence of codified routines and frequent adjustments to job content and workflow (Delery and Doty, 1996).

In sum, the high rate of change typical of high technology industries may require firm employees to act with a high degree of autonomy, thereby heightening the need for a highly trained, and skilled workforce that is committed to organizational goals. The creation of such a workforce may necessitate careful oversight of employee selection, training and development. In response to these HRM demands, we suggest that CEOs in high technology industries may appoint human resource executives to their top management teams in order to ensure adequate executive focus on employee selection and development, and in order to free up CEO cognitive resources to focus on other demands associated with high technology industries.

Hypothesis 1: High technology industries are positively related to human resource executive presence in top management.

Product/Service Innovation

Firm strategies may also shape the nature of job demands faced by firm executives (Datta and Rajagopalan, 1998; Rumelt, 1974) as well as lower level employees (Delery and Doty, 1996; Wright et al., 1995). An emphasis on innovation represents one aspect of firm strategy which may place unique HRM demands on CEOs. For example, product and/or service innovation often requires firms to distinguish their product/service in design, delivery and customer service from that of existing products/services. In order to effectively execute product/service innovation strategies, firm employees must often act without the benefit of pre-set organizational routines, which are often replaced through the process of innovation (Skaggs and Youndt, 2004). Changes to existing organizational routines, heighten the need for employees to learn new

routines (Skaggs and Youndt, 2004; Youndt et al., 1996). As such, the pursuit of product/service innovation may require employees that can effectively function in high discretion contexts, and learn new skills (Batt, 2000). The development of a human resources with such characteristics is likely to require substantial investment in the HRM function (Lepak and Snell, 1999). These types of investments may require extensive managerial oversight of employee selection, training, and development (Delery and Doty, 1996). Accordingly, we posit that firms pursuing product/service innovation strategies are likely to require high levels of investment in, and executive oversight of the human resource function. In order to cope with these HRM demands, CEOs of firms pursuing product/innovation strategies will be likely to appoint a human resource executive to top management.

Hypothesis 2: Product/Service innovation is positively related to HR executive presence in top management.

Amount of Human Resources

The amount of human resources to be managed may also play a role in shaping the nature of HRM demands faced by a given CEO. Prior research demonstrates that top executives of firms which employ greater numbers of employees are more likely to recognize the need for HRM practices, policies, and procedures (Tocher and Rutherford, 2009). Moreover, prior studies suggest that firms tend to engage in greater and more complex HRM activities as they employ more employees (Rutherford et al., 2003; Van Fleet and Bedeian, 1977). Combined, these insights suggest that as the number of individuals in an organization increases, the human resource management demands faced by firm executives may also increase. Drawing upon upper echelons theory logic, we suggest that to the extent that greater numbers of employees

surpass CEO ability to deal with the resulting HRM demands, CEOs will delegate responsibility for the HRM function to another member of top management. Accordingly, we hypothesize the following.

Hypothesis 3: The amount of human resources employed by a firm is positively related to HR executive presence in top management.

CEO Characteristics as Source of HRM Demands: Financial Orientation

A CEO's functional background may also influence the nature of executive job demands he/she experiences (Hambrick et al., 2005). In deciding which CEO background characteristics might shape the extent to which a given CEO experiences HRM as challenging we turned to prior research relating CEO characteristics to HRM. In searching extant research we came upon the work of Andrews and Welbourne (2000), which suggests that firms with CEOs possessing financial orientations tended to place less emphasis on the people/performance balance faced by CEOs in newly public firms. Relationships between CEO functional background and CEO behavior are often grounded conceptually in upper echelons theory, which suggests that executive functional orientation provides insights into executive capabilities, and tendencies (Hambrick and Mason, 1984; Finkelstein and Boyd, 1998).

Integrating the insights of Andrews and Welbourne (2000) with those provided by research on executive job demands, we develop a hypothesis regarding CEO financial orientation and the representation of the HR function in top management. Prior studies suggest that CEOs with a financial orientation are highly capable of dealing with external and more temporally proximal issues (Mian, 2001; Andrews and Welbourne, 2000). In contrast, HRM often requires an orientation towards internal and more long-term issues (Andrews and Welbourne, 2000).

Combining these insights with those of extant strategic leadership research suggests that when the functional orientation of a given CEO represents a potential limitation to his/her ability to cope with demands arising from a particular functional area (Hambrick and Cannella, 2004), that CEO will rationally choose to compensate for such limitations. Accordingly, we expect CEOs with financial orientations to be more inclined to turn to human resource executives in order to supplement their own managerial capabilities in dealing with the demands of overseeing the HRM function in their firm.

Hypothesis 4: CEO financial orientation is positively related to HR executive presence in top management.

Sample and Measures

The hypotheses developed in this study were tested using a sample of U.S. Initial Public Offering (IPO) firms that went public during the calendar year 2007. In selecting our sample we wanted to ensure that we would have sufficient statistical power to test our hypotheses. We also wanted to control for IPO market conditions which might influence HR presence in top management. As such, we selected a cohort of firms from the 2007 calendar year given that 2007 was a relatively active time period for IPOs.

We selected the IPO context as the context for this study because it represents a transformational event in the life cycle of a firm (Certo, 2003; Fischer and Pollock, 2004). This transition from one institutional environment to another requires firms to make several structural and managerial decisions (Filatotchev and Bishop, 2002). The decision to have a human resource executive work as part of top management represents one such decision that influences various aspects of the human resource management process (Welbourne and Cyr, 1999).

Moreover, extant research suggests that HRM processes and structures matter to investors (Andrews and Welbourne, 2000) and venture capitalists (Cyr et al., 2000), which suggests that the decision to include an HR executive in top management is likely salient to CEOs and investors. Moreover, sampling IPO firms facilitates the comparison of results with prior research on HRM representation in top management (Cyr et al., 2000).

We drew the base sample for this study from the *Securities Data Corporation Global New Issues* (SDC) database. This database provides a variety of data on IPOs. For inclusion in our final sample each IPO was subjected to the following criteria. First, each IPO firm was required to have issued stock on publicly traded markets (i.e., NASDAQ, NYSE, and AMEX) for the first time. Second, IPO firms were required to be headquartered in the U.S. at the time of their issue to public markets. We imposed this criterion in order to control for potential cultural differences between firms that are beyond the scope of this study. Third, and in line with prior IPO research (Ritter, 1991), we excluded firms that were classified as any of the following: corporate spin-offs, unit issues, mutual to stock conversions, real estate investment trusts, or leveraged buyouts. Subjecting IPO firms to the above criteria and after discarding firms for which there was incomplete data, we were left with a final sample of 180 firms.

Dependent Variable

We created an *HR executive* presence variable by coding the management section of each firm's IPO prospectus. This variable was coded (1) in instances in which a vice-president level or higher HR-focused executive was listed in the management section of the IPO prospectus, and (0) when not. This measure is consistent with Cyr and colleague's (2000) measurement of this construct.

Independent Variables

Consistent with prior research we measured high technology industries by creating a dummy variable indicating whether a firm operates in a *high technology* industry (1) or not (0) (Certo et al., 2001; Daily et al., 2005). This measure is based upon primary Standard Industrial Classification (SIC) codes identified as high technology sectors and was accessed through SDC's new issues data base. We measured *product innovation* by creating a dummy indicating whether or not a firm discussed a focus on new product/service development in the risks section of their IPO prospectus (1) or not (0). *Amount of human resources* represents of the number of individuals employed by each sample firm. The data needed to create this variable was collected from IPO firm prospectuses, and other SEC filings made prior to each sample firm's IPO. The data collected for this variable was logged to correct for distribution skewness. Similar to prior research (Andrews and Welbourne, 2000), *CEO financial orientation* was based upon prospectus information regarding CEO prior financial executive experience (CFO, VP of Finance, etc.). We also considered CEO possession of financial degrees (finance or economics). Our measure of CEO financial orientation was coded (0) if the CEO possessed neither, (1) if the CEO possessed either financial executive experience or a financial degree, and (2) if the CEO possessed both prior financial executive experience, and a financial degree.

Control Variables

We controlled for factors that prior research suggests may impact human resource management's strategic importance. Prior research suggests that as firms progress through their life cycles they become more complex, thereby influencing the nature of managerial resources possessed by top management (Boeker and Karichalil, 2002; Rubenson and Gupta, 1996).

Accordingly, we controlled for *firm age* based upon the date of incorporation provided in the IPO prospectus. Consistent with prior IPO research suggesting a link between venture capital backing, IPO risk factors, and HR representation in top management (Cyr et al., 2000), we controlled for *venture capital* (VC) backing with a dummy variable indicating whether a firm was VC backed (1) at the time of its IPO or not (0). We controlled for *IPO risk factors* by summing the total number of risks factors identified by prior studies as salient to the importance of HR within a firm (Cyr et al., 2000). In order to correct for skewness, the data collected for this variable was transformed by calculating the natural logarithm. Finally, we also included the interaction term between venture capital backing and IPO risk factors (*VC*IPO risk factors*) which was found by Cyr and colleagues (2000) to influence HR representation in top management.

Analysis and Results

Table 1 presents the means, standard deviations and correlations of all study variables in the study sample. Similar to prior research examining the presence of HR executives (Cyr et al., 2000), we utilized hierarchical logistic regression (HLR) to test the hypotheses developed in this study. HLR represents an appropriate form of statistical analysis for testing the hypotheses in this study given the cross sectional nature of the data, and the dichotomous nature of the dependent variable. The absence of multi-collinearity represents a key assumption of HLR. We tested for the presence of multi-collinearity in our sample data by examining the variance inflation factors which were well within acceptable ranges suggesting that multi-collinearity assumptions were met (Cohen et al., 2003).

[Insert Table1]

The results of our hypotheses tests are presented in Table 2. Model 1 includes the control variables suggested by the prior research of Cyr et al., 2000). Model 2 presents individual variable level tests of study hypotheses 1-4. The coefficient for *high technology* presented in model 2 was not found to be statistically significant. As a consequence Model 2 provides no support for Hypothesis 1 regarding the influence of high technology industries on HR executive presence in top management. The coefficient for *product/service innovation* in Model 2 was positive and marginally statistically significant ($p < .1$). This result provides weak support for Hypothesis 2 regarding the influence of innovation strategies on HR executive presence in top management. Hypothesis 3 received support as evidenced by the positive and statistically significant ($p < .01$) coefficient for the coefficient for *amount of human resources* in Model 2. Finally, the regression coefficient *CEO financial orientation* shown in Model 2 is positive and statistically significant ($p < .05$), thereby providing support for Hypothesis 4 regarding the influence of CEO financial orientation on HR executive presence in top management.

[Insert Table 2]

In order to further test the theoretical premise of executive job demands theory (Hambrick et. al.,2005), that the meta-construct of CEO HRM demands gives rise to HR executive representation in top management, we conducted two post-hoc tests regarding the influence of contextual and CEO characteristic sources of CEO HRM demands. These post-hoc tests are presented in Model 3 and Model 4. In Model 3 we present the combined effects of all the contextual sources (high technology industries, product/service innovation and amount of human resources) of CEO HRM demands we identified in the development of Hypotheses 1-3, while controlling for CEO sources of HRM demands (represented in analyses by the variable *CEO financial orientation*). In Model 3 the variable *contextual CEOHRMD* was constructed by

summing of the values of *high technology industries*, *product/service innovation*, and the *amount of human resources*¹ variables faced by a given CEO for his/her sample firm. The coefficient of *contextual CEOHRMD* in Model 3 is positive and statistically significant ($p < .01$), which suggests that, at the aggregate level, contextual sources of CEO HRM demands shape a CEOs choice to staff top management with a human resource executive, lending support to the idea posited by executive job demands theory (Hambrick et. al., 2005) that contextual sources of CEO HRM demands shape top management staffing decisions.

In Model 4 we examined the combined influence of both *contextual CEOHRMD*, and CEO characteristic sources of CEO HRM demands as represented by *CEO financial orientation*. In this model, *total CEOHRMD* represents the represents the sum of both *contextual CEOHRMD*, and *CEO financial orientation* for each sample firm. The coefficient for this variable in Model 4 is positive and statistically significant ($p < .01$). This result provides general support for the central thesis of this study, which is that CEO HRM demands, both contextual and CEO sources, influence the likelihood of human resource executive presence in top management.

Discussion

In exploring the conditions that give rise to CEO HRM demands and their influence on HRM representation in top management, this study contributes to extant research in both the strategic HRM and strategic management literatures. First, the results of this study extend the empirical findings of Cyr and colleagues (2000) beyond IPO context specific determinants of HRM presence in top management. The focus of this study allowed for a theoretically grounded and cogent examination of factors contributing to the HR executive presence in top management

based on HR function specific demands faced by the CEO. Study results suggest that product/service innovation strategies, CEO financial background, and the amount of human resources employed by the firm increase the likelihood of HR functional representation in top management.

Second, this study enhances our understanding of how executive job demands shape the allocation of the structural power to the HRM function. Prior work suggests that the influence of a business function is determined by its place within the organizational hierarchy (Pfeffer, 1981; Pfeffer and Salancik, 1978). Such forms of power play an important role in determining business function influence on the strategic management process (Finkelstein, 1992). Accordingly, this study provides insights into factors which may shape HRM's ability to influence firm behavior and contribute to firm level strategic outcomes (Hambrick and Mason, 1984).

This study also extends strategic leadership research that examines the presence of functional representation within top management teams. Prior research has examined the presence of Chief Finance Officers, (Fligstein, 1987), Chief Operating Officers (Hambrick and Cannella, 2004) and Chief Marketing Officers (Nath and Mahajan, 2011) within the context of top management team staffing. Such studies have identified various factors which give rise to functional representation in top management for both Operations Management and Marketing. To the best of our knowledge, this study represents the first systematic examination of the presence of HR executives in top management teams that considers the influence HRM specific sources of job demands placed on the CEO. Accordingly, this study extends prior research on top management team staffing by expanding our understanding of factors which give rise to HRM sources of executive job demands.

Our finding that CEOs with financial orientations are more likely to staff their top management teams with an HRM executive suggests that in the face of demands stemming from a particular functional area, rather than rely upon their own experiences, CEOs delegate responsibility for that function to another member of top management. This finding provides insight into a central proposition of extant research on executive job demands, which suggests that the greater the executive job demands, the stronger the relationship between a given executive's characteristics and their behavior (Hambrick et al., 2005; Hambrick, 2007). Carried to the extreme, this logic may suggest that in the face of high executive job demands, executives will fall back upon his or her own experiences, thereby strengthening the relationship between executive characteristics and their behaviors even if it is to his or her detriment.

Our findings suggest an important contingency to this logic, namely that CEOs do not have to face the demands of their job alone. Indeed, the results of this study suggest that CEOs can, and in fact, do recognize the limitations engendered by their experiences, and that when confronted with a specific type of executive job demand that does not align with their expertise, they take steps to address their individual limitations by appointing others that are more capable of addressing that source of executive job demand. This finding reminds us of the enduring idea that individuals, regardless of level within the organizational hierarchy they find themselves, must rely upon others to cope with the demands engendered by organizational life (Thompson, 1967; Lawrence and Lorsch, 1967; Cyert and March, 1963).

Finally, this study may contribute to future research on HR executive influence on organizational outcomes. While the question of whether HR executive contribute to organizational level outcomes falls beyond the scope of this study, this study contributes to this research by providing a basis for the development of sample selection models of HR executive

presence in top management. Such models represent a critical first step in accounting for potential sample selection bias surrounding the adoption of this unique structural form. Without a theoretically grounded and empirically validated means of creating sample selection models requisite for statistically valid empirical modeling of HR executive presence in top management, examining the effects of HR executives on organizational level outcomes may prove problematic (Semadeni, Withers and Certo, 2014). Prior research on the HR executive effects have not accounted for these issues in their statistical models. As such, this study serves as a stepping stone for future research exploring HRM executive effects which does account for the endogeneity issues surrounding HRM effects on organizational outcomes.

Limitations and Future Research

Although this study contributes to extant strategic management and strategic HRM research, it suffers from some limitations which may also represent opportunities for future research. First, this study does not simultaneously consider the role of other structural forms or HRM practices which may increase or reduce the degree of HRM demands faced by the CEO, such as HR outsourcing (Klaas et al., 2010), or the presence of non-executive HR managers. Future research might provide valuable insights into how such structures exacerbate or mitigate CEO HRM demands thereby influencing HR functional representation in top management.

Future research might also consider the extent to which executive job demands and the presence of other functional areas in top management shape the boundaries of top management. For instance, might the representation of other business functions in top management influence the representation of HR in top management? The current study leaves this question unanswered.

Future research might also consider how CEO HRM demands change overtime, and how such changes in CEO HRM demands lead to top management team compositional changes and executive turnover. These questions represent potentially fruitful avenues for future research that are left unanswered by this study. For example, this study examines the role of CEO HRM demands on HR functional representation within top management of firms undergoing their IPOs. As such, the results of this study may not generalize to larger, older, and/or more established firms. Indeed, one might suggest that given the transitional and malleable nature of firms undergoing the IPO transition the influence of CEO HRM demands might only influence HR representation in top management at that particular juncture of the organizational life cycle. Future research may provide much needed insight into the extent to which CEO HRM demands shape HR executive representation in top management beyond the IPO stage.

Finally, in this study we did not specify the role of executive aspirations in shaping executive job demands. In their original specification of the executive job demand construct, Hambrick and colleagues (2005) argued that executive aspirations may play an important role in determining the extent to which executives actually experience the job demands they face. Unfortunately, our reliance on demographic proxies did not allow us to adequately capture such a psychologically complex construct nor outline its implications for the functionally specific nature of CEO HRM demands. As a consequence we did not test Hambrick and colleagues' (2005) propositions regarding the influence of this potentially important dimension of executive job demands. Future research may extend our understanding in this regard.

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Footnote

¹ In order to facilitate the creation of the scale measures of *contextual* and *total CEOHRMD* utilized in post hoc tests (Models 3 and 4 of Table 1), the continuous *Amount of Human Resources* variable utilized in initial hypothesis tests (Model 2 of Table 1) was dichotomized. This dichotomization was based on the sample average for this variable and coded (1) where a given firm was above the sample average for number of employees and (0) where a given firm was equal to or less than the sample average number of employees and summed with other measures of CEOHRMD.

Tables

Table 1
Means, Standard Deviations, and Correlations

#	Variable	Mean	s.d.	1	2	3	4	5	6	7
1	HR Executive	0.094	0.293							
2	Firm Age	13.094	18.990	-0.003						
3	Venture Capital	0.387	0.488	0.058	-0.194					
4	IPO Risk Factors	1.742	0.342	0.042	-0.143	0.369				
5	High Technology Industry	0.569	0.497	0.087	-0.273	0.451	0.279			
6	Product/Service Innovation	0.039	0.193	0.132	-0.047	0.137	0.288	0.058		
7	CEO Financial Orientation	0.177	0.437	0.135	0.076	-0.156	0.084	-0.149	-0.014	
8	Amount of Human Resources	5.703	1.659	0.194	0.197	-0.060	-0.035	0.016	-0.084	0.031

^a All correlations greater than $|.14|$ are statistically significant at $p < .05$

Table 2
Logistic Regression

Variable	Model 1	Model 2	Model 3	Model 4
Intercept	-2.42	-5.68 *	-3.1025 †	-3.0726 †
Firm Age	0.002	-0	0.00254	0.00241
Venture Capital	-1.1	-1.18	-1.3052	-1.3076
IPO Risk Factors	-0.02	-0.68	-0.8635	-0.8727
VC*IPO Risk Factors	0.79	0.917	0.98139	0.99002
High Technology Industry		0.956		
Product/Service Innovation		1.981 †		
Amount of Human Resources		0.54 **		
CEO financial orientation		1.187 *	1.26773 *	
Contextual CEOHRMD			1.31555 **	
Total CEOHRMD				1.29753 **
<i>N</i>	180	180	180	180
<i>Chi-square</i>	0.91	16.92 *	13.94 *	13.94 *
<i>Pseudo R²</i>	0.01	0.15	0.1239	0.1238

† p < .10; * p < .05; ** p < .01