

Kaudela-Baum, Stephanie; Endrissat, Nada

**Article**

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Stephanie Kaudela-Baum, Nada Endrissat\*

## **Practicing Human Resource Strategy: Understanding the Relational Dynamics in Strategic HR Work by Means of a Narrative Approach\*\***

This article presents the results of a qualitative research project aimed at examining how Human Resource (HR) practitioners interpret HR strategy and strategic change. We will illustrate how they develop HR strategy by relying on a system of shared practices which, in turn, constitute the underlying relational dynamics. We argue that HR strategy is embedded in a (rhetorical) network of middle and top managers from HR departments and corresponding operational departments. This implies that HR strategy happens in a social process, more precisely in practices-in-use. Drawing on a systemic constructionist framework, the article discusses the nature of practices-in-use and presents findings from an inductive analysis of a qualitative HR study. The qualitative nature enabled us to shed light on previously neglected aspects of the field of strategic human resource management (SHRM). We will outline our research approach and method in detail and discuss its suitability for studying SHRM issues. The article concludes by proposing a new understanding of SHRM that will hopefully prove to be fruitful both in theory and practice.

### **Personalstrategie als soziale Praxis: Ein narrativer Ansatz zur Erkundung von Beziehungsdynamiken in der strategischen Personalarbeit**

In diesem Artikel werden die Ergebnisse einer qualitativen Studie vorgestellt, die sich zum Ziel gesetzt hat, das Konstrukt „Personalstrategie“ als Managementpraxis im Sinne von kulturabhängigen, kontingenten Beziehungs-, Kommunikations- und Sinnprozessen zu rekonstruieren. Der Artikel liefert eine dichte Beschreibung, wie sich Personalstrategie durch ein System geteilter Praktiken und damit einhergehenden Beziehungsdynamiken im Kontext strategischer Wandsituationen formt, d.h. wie Personalstrategie von HR Praktikern gedacht und erlebt wird. Das heisst, Personalstrategien gründen in sozialen Prozessen, genauer gesagt in „practices-in-use“. Die aus narrativen Interviews extrahierten Praktiken und beziehungs-dynamischen Aspekte werden aus einer systemisch-konstruktivistischen Forschungsperspektive entfaltet. Die genaue Vorgehensweise unseres qualitativen Ansatzes sowie seine Vorteile im Vergleich zu herkömmlichen quantitativen Studien im Bereich des strategischen Human Resource Managements (SHRM) werden aufgezeigt und diskutiert. Ein neues Verständnis von SHRM wird skizziert, das sich hoffentlich als nützlich für die Anwendung in Theorie und Praxis erweisen wird.

Key words: **strategic human resource management, systemic constructionist approach, practice perspective, narrative method, inductive analysis**

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\* Stephanie Kaudela-Baum, Dr. rer. pol., Prof. (FH), Professor of Organisational Behaviour and Management at Lucerne University of Applied Sciences and Arts, Lucerne School of Business, Zentralstrasse 9, CH – 6002 Lucerne. E-mail: Stephanie.Kaudela@hslu.ch.

Nada Endrissat, Dr. rer. pol, Research Associate at Bern University of Applied Sciences, Competence Centre for Management, Morgartenstrasse 2a, CH – 3000 Bern 22. E-mail: Nada.Endrissat@bfh.ch.

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## Introduction

“Not enough is said, though, about the unheroic work of ordinary strategic practitioners in their day-to-day routines” (Whittington 1996, 734).

The growing interest in strategy as social practice (Johnson et al. 2007; Jarzabkowski 2005; Hendry 2000) gives reason to examine new aspects of the “HR strategy” construct. Practitioners and strategy practices have arguably been of vital interest in the applied approach, and there is an increasing need to explore in greater detail how HR professionals and line managers “do strategy” as seen from this perspective. Especially the diverse theoretical threads connecting applied research in strategy with (systemic) constructionist epistemology (Rouleau 2005; Hendry/Seidl 2003; Samra-Fredericks 2003), offer promising ways of discussing and understanding the HR strategy, strategic HRM (SHRM) or Strategic Human Resource Manager constructs in a new way. However, despite the emphasis on the importance of practices (Chia 2004; Jarzabkowski 2004), empirical studies on strategic management practices-in-use (Jarzabkowski 2004), and especially on SHRM practices-in-use, are still rare (Palthe/Kossek 2003; Krauss 2002). The aim of this empirical study is therefore to close this gap by adopting a qualitative research approach. The study focuses on HR managers at the line, middle, and top management levels. This group is referred to as the HR Community, a concept that presumes “co-practicing” to take place among these three levels that collectively make up the HRM function in the organisation (Legge 2005, 170; Tyson 1997).

According to Boxall/Purcell (2003), the strategic HRM field today is marked by an unfortunate theoretical disconnect between SHRM concepts and strategic management concepts, as well as by a disregard of the perspective under which business strategy (and with it HR strategy) is conceptualised (Legge 2005, 140). Boxall/Purcell further argue that “the growth of interest in strategic management and HRM has not, however, been accompanied by sufficient concern for integrating these two important fields of theory and practice. [...] Too much of the literature on strategic management continues to downplay or disregard the human issues that affect the formation and execution of strategy” (2003, vi-vii).

At the same time, the quest for legitimisation of the SHRM discipline (Nkomo/Ensley 1999) gives reason to re-examine widely accepted SHRM constructs that propose “best practices” and “best fit” strategies (Boxall/Purcell 2003; Ridder et al. 2001). However, as Legge (2005) points out so tellingly “the act of consciously matching HRM policy to business strategy is relevant only if one adopts the rationalistic ‘classical’ perspective” (p. 140). This paper adopts yet another perspective, namely a systemic constructionist view (Burla et al. 1995; Kasper et al. 1998; Rüegg-Stürm 2000; Schumacher 2003) that draws on Luhmann (1984, 2000) and Giddens (1984), among others, and regards strategies as being “recursively reproduced by the very practices they produce” (Hendry/Seidl 2003: 177). This view implies a conceptualisation of strategy as social practice, i.e. as day-to-day work or “art” (Smircich/Stubbart 1985, 730). Inspired by the rising new strategy research stream called “strategy-as-practice” (e.g. Johnson et al. 2007; Jarzabkowski 2005), we have adopted a comple-

mentary approach to HR strategy research. Accordingly, HR strategy becomes contingent on the specific societal, cultural, and historical context. How HR strategies eventually manifest themselves depends on the way that organisational members interact and mutually define their strategic 'reality'.

To fill the knowledge gap on HR strategy implementation in complex organisations and overcome the lack of integration of SHRM theory in strategic management constructs (and vice versa), qualitative research focusing on the subjective experiences of HR practitioners offers a promising perspective. By adopting a *narrative approach*, this study focuses on the social processes by which certain content receives the 'SHRM stamp' and, as such, is socially validated by the HR communities that were interviewed (Dachler 2000).

The article is structured as follows: *Firstly* it offers a brief discussion of the systemic constructionist view of organisations and strategy (Rüegg-Stürm 2001; Hejl/Stahl 2000; Hendry/Seidl 2003). While the theoretical framework underpins the epistemological standpoint on the one hand, it provides a basis and "language repertoire" for interpreting the qualitative aspects of the study on the other. *Secondly*, it strongly emphasises the narrative approach and the resulting potential for developing a 'new' perspective based on the SHRM construct. *Thirdly*, it presents and subsequently discusses an extract of the empirical findings.

### **Theoretical framework**

This article draws on the following three social theories: (1) social constructionism (Berger/Luckmann 1967; Burr 2003; Gergen 2002, 1994, 1985), (2) Giddens' theory of structuration (1984) and (3) Luhmann's social system theory (1984, 2000). Every theory implies a different epistemological interest but concerning their theoretical complexity, their concept canon and their empirical usefulness, they can be seen as constituting a common systemic constructionist framework (Rüegg-Stürm 2000; Hejl/Stahl 2000, Schumacher 2003). We used this framework for interpreting the strategic aspect in the HR practices. According to this view, strategic practices can be seen as culturally dependent social practices. It enables us to focus on the communication and decision-making processes that are linked to the strategy realisation in the HR Community. The systemic constructionist perspective poses a fundamental challenge to the positivistic assumptions of essentialism and its traditional, Western concept of objective, ahistoric and individualistic knowledge, and it thus provides the basis for the narrative approach used here to investigate the construction of SHRM in different complex social systems.

*Social constructionism* acts as epistemological standpoint and assumes that our reality is actively created by and in social relationships and interactions among people, i.e. our knowledge is not seen as a definite depiction of what exists independently of us, but as socially constructed among us (Gergen 2002). Social constructionist view acknowledges that social phenomena like 'strategic management' are socially constructed in and through interaction between people rather than presenting objective facts that exist independently from the observer (Gergen 1994, 2002).

In this article, organisations are defined as complex social systems. *The social system theory* (Luhmann 2000, 1997) provides a broad background of insights and concepts

that are useful when studying complex organisations (Baecker 2003; Rüeegg-Stürm 2001; Nicolai 2000). According to this perspective, strategy as a whole as well as each strategic decision, are tied to the organisation's communication network. Strategies preselect possibilities to act or separate them into eligible and ineligible ones (Dietel/Seidl 2003, 29). They can be understood as pattern of connectivity between organisational events (communications, actions, decisions) for sustaining the organisation in the long-term. The strategy of an organisation is therefore the application of the organisation to itself (Baecker 2003) and not an objective given fact. It is important to emphasise this in respect of the well-established "best-fit" school in the SHRM discipline according to which HR strategy should be brought into line with the firm's competitive strategy (Miles/Snow 1984; Schuler/Jackson 1987). The 'best-fit' models emphasise the need to align HRM with the objective competitive strategy. Accordingly, HR practitioners should orient themselves based on a clearly defined strategic framework developed by the firm's business strategists. This contradicts the systemic view of strategy as a communicative act or social practice in which business- as well as HR-strategists are charged with simultaneously developing a creative long-term means of sustaining the organisation. Accordingly, HR strategists must learn to function in an environment marked by wide-ranging possibilities. Nagel/Wimmer refer to a reintroduction of entrepreneurialism into strategy development (2002, 19), a concept that can be transferred one-to-one into the HR context. Developing alternate courses of action is regarded as a prerequisite for successfully coping with complexity, and this means HR strategies must also have a high level of generativity (Dietel/Seidl 2003, 36).

In accordance with social system theory, an organisation will expand its decision-making scope by developing processes for self-observation and self-description. Future-oriented SHRM practice must therefore manifest itself in activities related not only to perceiving, observing and interpreting, but also to building an environment that is conducive to relationships and interaction. Moreover, a contextual approach of intervention must replace measures used for directing and influencing employee behaviour directly.

A systemic perspective emphasises that social systems acquire knowledge primarily through development and experience, something that should be used as a guiding principle in HRM to boost the organisation's ability to learn. More specifically, HRM should aim to harness the knowledge available internally and to encourage creativity among employees. This rests on the assumption that organisations have numerous potential strategists who can contribute toward stabilising and improving its long-term competitive position. SHRM should thus be concerned not so much with implementing explicit top-down instructions but instead focus on managing the learning process in a way that facilitates development of new strategies.

*The theory of structuration* emphasises neither the actor- or the interaction-perspective (reality construction process) nor the system-perspective, but rather the social practices that persist over time and space (Giddens 1984). According to Giddens' theory of structuration, social practices are important because they represent a mode of connection between action theory (here based on social constructionism) and structural analysis. Structuration view emphasises that practices exist as the regu-

larised activity of agents that bring about relations of interdependence between individuals and groups. In this perspective, a social practice is a routinised type of behaviour of individuals or groups (Giddens 1979, 66). A structuration approach acknowledges that HR and line managers at the mid tier can make a difference in strategy processes, and it encourages a review of interpretations and experiences not only of executives, but also those of middle and line management as well. From this perspective, managers are not “framed as all-powerful actors, fearless leaders or corporate heroes, but as skilled, knowledgeable and intentional agents” (Jarzabkowski 2005, 29). *Agency*, as defined by Giddens, “does not refer to a series of discrete and combined acts, but to a continuous flow of conduct” (Giddens 1979, 55). In his understanding, human agency is more than a function derived from individual behaviour as implied by the majority of prescriptive strategy models. Agency means having choice and effecting decisions even though the outcome might lead to unintended consequences. According to Giddens (1979), managerial agency, and therefore ‘strategising’ can be explained “as practical-evaluative agency” (Jarzabkowski 2005, 30). This view provides a ‘conceptual bridge’ between dichotomies such as strategic thinking and acting, and strategy formulation and implementation (Jarzabkowski 2005, 30; Wilson/Jarzabkowski 2004). Giddens’ theory is largely based on examining habitual action that we engage in without deliberate thought. Such behaviour, in turn, depends on the rationalisation of action, which can be understood as a mix of process and capability on the part of the actors. It thus becomes possible to examine applied strategy, e.g. to analyse post-rationalised actions as found in narrated stories or observations of applied strategies.

*Overall implications for researching SHRM:* Contrary to the traditional conceptualisations of HR strategy (for an overview see, e.g., Legge 2005, Boxall/Purcell 2003) that favour notions of ‘fit’ (How might we fit HR practices into this strategic plan?) and ‘best practice’ (Which HR practice correlates with a high business performance?), the systemic constructionist view focuses on the decision makers or the ‘constructionists’ of strategic HR processes and their practices. The reality and meaning of SHRM is not adequately captured by simply bringing best practices in HR, such as “high commitment management” and “high performance work systems” (Becker/Gerhart 1996; Huselid 1995), into relation with prevalent prescriptive strategic management approaches. Having said this, it seems important to point out that the systemic constructionist perspective does not reject all of the ‘best practice’ (Pfeffer 1998) or ‘best fit’ thinking (Miles/Snow 1984; Schuler/Jackson 1987) in the SHRM discipline. Rather, it suggests a shift in analytical focus away from the search for universal rules toward the systemic nature of HR activities and the consequences and premises of strategic HR initiatives.

As noted above, the systemic constructionist conceptualisation of organisation and strategy stresses how language is used to construct meaning. It explores ways in which organisational stakeholders, e.g. representatives of the HR Community, create a discourse of direction “to understand and influence one another’s actions” (Barry/Elmes 1997, 432) in strategic change processes. In view of this, it becomes possible to examine planned as well as announced HR strategies in the form of artefacts. The analysis focuses on the rhetoric and metaphors used in connection with strategies as

expressed by the actors engaged in constructing a particular strategic reality. This in turn makes it possible to identify and compare strategy processes and to *extract the typical patterns* that govern thought and action (Barry/Elmes 1997).

This article thus aims to develop an *alternative perspective* to the contingent ‘matching’ or ‘fit’ approaches in the field of SHRM, which have been criticised by Legge (2005, 151) for being “mainly employed at a normative level to derive prescriptions, rather than those prescriptions being empirically tested” (Legge 2005, 153). Part of the current struggle for legitimisation of the SHRM field might be due to the weak empirical foundation. Most SHRM research today is influenced by the natural sciences and therefore attempts to measure social phenomena by using statistical means as precisely as possible. The data obtained with quantitative methods are generally regarded as objective, reliable and valid, and sophisticated statistical analyses have revealed a range of causal relationships between HR practices and firm performance. The analyses aim to uncover the “best” connection between practice A and B – in complete isolation of the historical, cultural and social context of the firm (Boxall/Purcell 2003, 63-64). The systemic constructionist framework allows us to rely again on organisational practitioners’ structures of relevance and to de-emphasise the role of the declared HR specialists in strategy processes, while placing a stronger focus on the *actual practices* employed by HR practitioners in strategic change processes.

### **Research method: A narrative view of strategic HR work**

Given our theoretical framework and its emphasis on understanding what people actually do (how they practice strategy) and what strategy means to them, a qualitative research approach seems the most promising. The application of systemic and constructionist theory for empirical research does not per se imply a specific research method. According to the systemic constructionist perspective, a suitable research practice can be developed only by taking the particular object of research into account. Social constructionist Burr (2003, 24), for example, notes that no “intrinsic social constructionist” research method exists. However, there is a wide body of literature suggesting interpretive methods to be appropriate for this perspective (e.g. Endrissat et al. 2007; Mir/Watson 2000; Rüegg-Stürm 2000; Schumacher 2003). For the purpose of this paper, we have chosen a narrative, text-based approach that will enable us to study a range of HR practices and examine how they are used to influence the strategy process.

#### ***The narrative interview***

The narrative interview technique (Lamnek 2005, 357; Glinka 1998, 10; Hopf 2003, 356; Fischer-Rosenthal/Rosenthal 1997), was originally introduced by Fritz Schütze (1977) who had developed a strong interest in a range of interpretive approaches in the social sciences, such as symbolic interactionism, ethnomethodology, ethnography of communication and cognitive anthropology. He was interested in certain social phenomena which he found difficult to study using conventional methods. These included, for example, “invisible religion” (Luckmann 1967) or “non-decisions” (Bachrach/Baratz 1970). Schütze criticised the dominant methods, such as the standardised interview, as being ‘unnatural’. According to him, interviewees regarded the

standardised approach as strange and removed from their everyday experience and communication. In addition, standardised interviews and similar methods forced interviewees into a passive role (Riemann 2003). The narrative interview, on the other hands, provides interviewees with an opportunity to assume an active role in which they not only provide the answers but also decide on the questions and topics they would like to discuss. By asking them to tell stories instead of answering standardised questions, the narrative interview technique becomes a non-structured method providing access to experiences that are constitutive for understanding the meaning of the narrator's day-to-day reality.

By emphasising and repeating specific aspects and interpreting certain occurrences, the narrator's perspective and frames of reference concerning strategic HR work become apparent. Furthermore, this approach can reveal aspects of the HR strategists' identity that would otherwise remain hidden. Several authors (e.g. Gergen/Gergen 1986; Mc Adams 1997) claim that personal narratives reflect people's identities because they represent an internal model of who they are (and why), and who they might become (Shamir/Eilam 2005, 402). In other words, "we come to know or discover ourselves, and reveal ourselves to others, by the stories we tell about ourselves" (Shamir/Eilam 2005, 402).

Given our social constructionist background, we acknowledge that identity construction takes place by interacting with others and that the stories we tell about ourselves might be influenced by the audience or the interviewer to whom we tell them. We thus acknowledge our influence on the data and argue that they are the result of a co-construction process between the researcher and the subject. This is in line with Morgan's (1983) seminal argument that research is a "human process through which researchers make knowledge" (p.7) rather than 'reveal' or 'discover' it in a neutral, technical process.

### ***Conducting narrative interviews***

The core element of a narrative interview is a "free developed impromptu narrative" (Hopf 2004, 206), which usually ensues from an open-ended question. The initial question should help to jog the interviewee's memory, but not in a restrictive or overly directed way (Hopf 2004). In other words, while the initial question should focus interviewees' attention on a particular phenomenon or situation, it should do so in a general way that leaves enough scope for them to interpret it in their own way. The initial question is crucial because it is supposed to take the interviewee into a 'narrating mode'. If this is not achieved, it is likely that the respondent will declare his or her 'espoused' theories and will reveal little about his or her self-conception and implicit understanding of things. The initial question used in this research project was as follows:

"Mister/Misses..., I thought we could begin by you simply telling me how long you have been working for this company... and how you have progressed from your first position to the one you are holding today?"

In the following, we tried to keep the narration 'going', for example, by checking back or clarifying things that the interviewee had mentioned. After some time, we slowly changed to the topic of strategic change and the involvement of HR in this process. We would ask, for example:

“So when this new strategy took place,..., could you tell us a little more about how you experienced this moment? We are particularly interested in how you remember the coordination between the HR people and other related divisions up to the point where the new strategy was introduced. Could you tell us a little bit about that?”

By asking this question, we tried to get a recapitulation of the strategic renewal from the interviewee's point of view. We also hoped to get a better understanding of how the interviewee saw his or her role in the change process. As can be seen from the two questions, even though we did provide a general framework, it was up to interviewees to decide which sequence of the strategic change process they would like to talk about, which focus to apply and which experiences to recount.

During the main narration further questions were asked only if interviewees did not know how to continue after they had finished one story or stopped narrating and talked in very general terms about the change process and strategy. The main idea was to let interviewees speak and to obtain an extended narrative sequences without interruption by the interviewer (Hopf 2003; Fischer-Rosenthal/Rosenthal 1997). While the interviewee narrates, the researcher should assume the role of active listener (Hopf 2003, 356) and signal that he or she empathises with the narrated story and the narrator's perspective (Flick 2006, 174).

After the narration is finished and the interviewee states that he or she has nothing else to add, it is possible to ask some standardised questions. Here, the interviewer can ask about things that seem relevant to the research topic but that the interviewee had not mentioned so far (Glinka 1998).

All interviews were conducted in a comfortable setting, usually the interviewee's office. The interviews varied between one and a half to two hours; all were recorded with the interviewee's permission and subsequently transcribed verbatim.

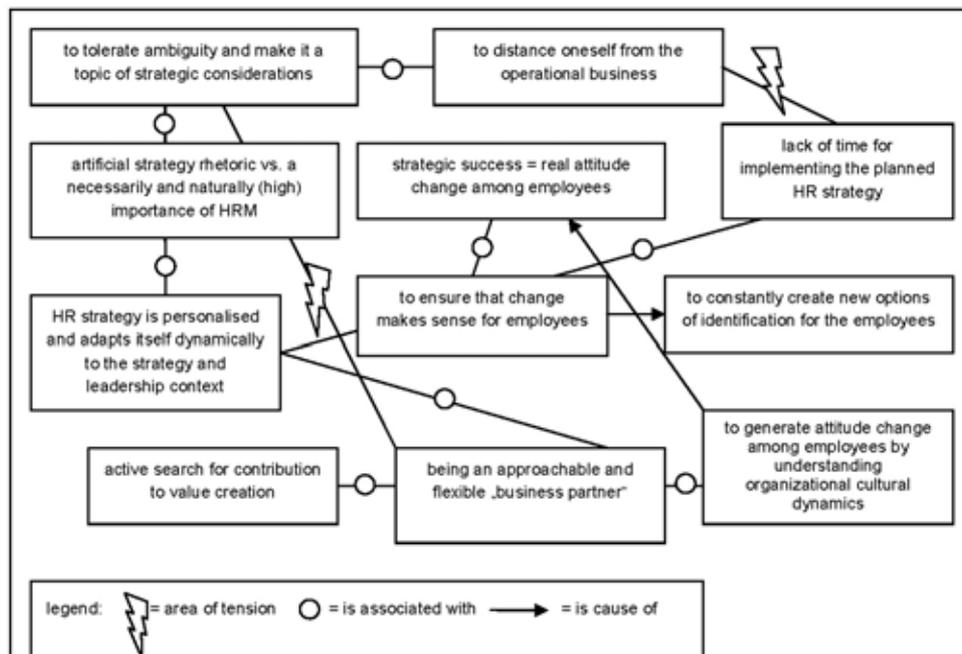
### ***Analysing and interpreting the data***

The overall aim of the analysis was to understand the structures of relevance used by organisational practitioners to give meaning to the HR function in strategic change processes. This implied that we did not approach the interview material with predefined categories but instead adopted a bottom-up approach. To this end, we drew on the techniques for generating meaning as suggested by Miles/Huberman (1994). *Firstly*, these include noting natural or 'first-level' codes (Miles/Huberman 1994, 69). Such codes are labels for assigning units of meaning to the descriptive information generated during the interviews. “They can take the form of a straightforward category label or a more complex one (e.g., a metaphor)” (Miles/Huberman 1994, 56). 'First-level' coding is a device for summarising data. *Secondly*, it is important to define 'pattern codes' (Miles/Huberman 1994, 69). These kinds of codes are of an explanatory nature that is used to identify an emergent topic. Pattern coding is a way of grouping 'first-level' codes into themes or topics. This step is analogous to the cluster-analytic devices used in statistical analysis. *Thirdly*, Miles/Huberman suggest 'mapping' the codes and noting relations between them as a means of revealing their interconnecting components as part of a network display (1994, 70-71).

Overall, our data analysis included *three successive steps* outlined below.

Step 1: In an initial procedure, we went through every interview transcript and looked for the central topics that the interviewee was addressing. While doing so, we created a list of topics that would reflect the interviewee’s individual understanding of the strategic change and the function of HRM in this context. After having identified these topics we clustered (pattern coding) and matched them up, thereby generating a type of mind-map showing the key topics the interview partner had addressed (network display) and the relationships these topics had with each other. Figure 1 illustrates a network display of aggregate or pattern codes of a single interview transcript (interview with a HR manager, top management level). The network consists of 11 topics resulting in a cluster-analytic process among first-level codes per interview. Furthermore, the relation between two or more topics can take on three distinctive forms: (1) ‘area of tension’, (2) ‘is associated with’ or (3) ‘is cause of’. Besides the ‘pure’ presentation of the pattern codes, the visual format helps to illustrate which codes are strongly connected with each other and which ones contradict each other or express paradoxical dynamics. This is important with regard to the iterative process of the further aggregation of the data and the subsequent discussion of the topics against the theoretical background.

Figure 1: Illustration of a topic ‘map’



These individual-level topics met the criteria referred to as ‘codes’ (see below, Table 1).

Step 2: Afterwards, the individual-level topics that were identified were grouped according to the position the interviewees held, that is: a) HR top management, b) HR

middle management, and c) line management. For each group, we again tried to identify the central topics and looked for the relationship between them. This resulted in three concentrated topic ‘maps’ that illustrate for each management group the significance of HR strategy and function during the change process. Arranging the management groups served as a way to reduce further the data complexity on the one hand, and to help reconstruct the dynamics at work in the relationships on the other.

*Step 3:* After identifying the topics on the group level, we came up with two central categories:

- (1) the strategic HR practices, i.e. the “logics of action” (Bacharach et al. 1996) as guiding the practices and
- (2) the relational dynamics underlying these practices. The relational dynamics constrain the ‘room for strategic manoeuvre’, especially for HR managers. It is important to note that although relational dynamics are an internal part of an agent’s activity, they are separated for analytical purposes. In practice, the action and interaction, that is, normative elements and power, are intertwined with each other (Giddens 1984).

Table 1 provides a summary of the data analysis and illustrates how the codes and ‘topic families’ evolved.

**Table 1: Overview of data analysis procedure**

Phase of the analysis process	Objective	Methods of data display and analysis, tactics for finding meaning	Result
1. Initial procedures	Initial understanding	Content analysis: Open Coding of every interview	Natural codes (first-level codes), first thematic networks
2. Sorting out and coding the data	Data reduction, Development of coding schemes	Selection of relevant narrative sequences with a view to the focus of the analysis, coding of text excerpts (criterion: Dominant topic of the interviewee, topic proves to be relevant to other topics). Searching for patterns among natural codes.	28 individual-level topic mind-maps and corresponding code lists with transcripts and comments (fed into Atlas.ti, the software used in the analysis)
3. Systematic coding	Data reduction and verifying the coding scheme	Individual-level topics that were identified were grouped according to the position the interviewee held, that is: a) HR Top Management, b) HR Middle Management, and c) Line Management. Selective coding of all data.	Coding of all empirical material and development of 3 concentrated topic mind-maps according to the positions of the interviewees
4. Categorizing of codes	Data reduction and data display	The 3 main topic mind-maps are juxtaposed, topic fields with related content are melded into more concentrated categories or “topic families”. The structure of the result chapter is based on these families.	Broaden understanding on: <ul style="list-style-type: none"> <li>• strategic HR practices and</li> <li>• relational dynamics between HR practitioners</li> </ul>

Making sense of interview material and clarifying other people’s frames of references is a great challenge because it implies the suppression and ‘filtering out’ of one’s own preconceptions and frame of reference in order to arrive at a ‘credible’ interpretation.

'Credibility' is regarded as the adequate alternative to 'validity' as positivistic quality criteria (Lincoln/Guba 1985). In order to ensure credibility, the data analysis involved a) interpreting the interviews by multiple interpreters (Lamnek 2005, Kleining 1982; Patton 2002), and b) performing "member checks" (Lincoln/Guba 1985). With respect to the use of multiple interpreters, Kleining (1982) argues that it will help to identify and reduce the influence of a single interpreter's frame of references. In a similar vein, Patton (2002, 560) introduces the "triangulating analysts" approach, which implies that "two or more persons independently analyse the same qualitative data and compare their findings." We used this approach to analyse the interview transcripts individually and in groups as follows: After interpreting each interview on our own, we sent the anonymous interview transcript to members of our research group asking them to interpret it themselves. We then compared their findings with our interpretations and discussed whether the topics we had identified expressed more closely the interview partner's perspective or our own understanding of change and strategy. To resolve any differences, we would 'consult' the interview transcript and interpret together the issues the interview partner had addressed by paying particular attention to the context of the episode.

Another approach to ensure the quality of the interpretation involved asking interviewees to review and comment on the interpretation, a technique often referred to as "member checks" (Lincoln/Guba 1985). For this we sent each interview transcript, together with our interpretation and the pictorial presentation (see Figure 1), to the respective interview partners and asked whether they would 'recognise' themselves in the interpretation; i.e. whether the interpretation seemed plausible, and whether they had any comments or questions. According to Lincoln and Guba (1985) this feedback loop constitutes one of the "most crucial techniques for establishing credibility" (p. 314).

### ***The interview partners***

The study was conducted in fifteen organisations in the German-speaking part of Switzerland. In each case, the focus was on a strategic change issue (for example, a merger, an acquisition, a massive organisational crisis, a restructuring project). The strategic change generally affected the entire organisation, including the strategic goals, and had far-reaching effects on the organisation's position and performance.

The sample consisted firstly of different types of industries, and secondly of organisations of different size, varying from private companies with a few hundred employees to large global firms with 100,000 employees or more. The size of target organisations or divisions for this study varied from 150-2,000 employees. Interview partners were selected based on the study's objective, which was to interview HR managers at the middle (MM), top (TM), and line management (TM/MM) levels. Overall, we interviewed 28 people who were responsible for SHRM issues. The interviews in the 15 organisations were distributed as follows: 12 MM and 9 TM interviews

with HR managers, and 7 TM/MM interviews with line managers.<sup>1</sup> Table 2 provides an overview of some of the interviewees' characteristics.

**Table 2:** *Characteristics of interview partners*

Nr.	Function	Management Level	Industrial sector	Employees (Corporate group)	„Pairs“
1	HR manager	MM	industrial goods	140 000	A
2	line manager	MM	industrial goods	-	A
3	line manager	TM	industrial goods	-	A
4	HR manager	TM	industrial goods	-	A
5	HR manager	TM	industrial goods	6000	
6	HR manager	MM	information technology	140 000	B
7	HR manager	MM	information technology	-	B
8	HR manager	TM	information technology	1500	
9	HR manager	TM	Chemical industry	6500	C
10	HR manager	MM	Chemical industry	-	C
11	line manager	TM	Chemical industry	-	C
12	HR manager	MM	pharmaceutical industry	78 500	D
13	HR manager	MM	pharmaceutical industry	-	D
14	HR manager	MM	pharmaceutical industry	-	D
15	HR manager	MM	pharmaceutical industry	65 000	F
16	line manager	MM	pharmaceutical industry	-	F
17	line manager	TM	pharmaceutical industry	-	F
18	HR manager	TM	pharmaceutical industry	-	F
19	HR manager	MM	banking/insurances	70 000	E
20	line manager	TM	banking/insurances	-	E
21	HR manager	TM	banking/insurances	-	E
22	HR manager	MM	banking/insurances	2400	
23	line manager	TM	consultancy	95 000	
24	HR manager	TM	consultancy	122 500	
25	HR manager	MM	transport/logistics	12 000	
26	HR manager	TM	transport/logistics	8500	
27	HR manager	MM	medical technology	3500	
28	HR manager	TM	retail business	49 500	

It is important to note that the study did not aim at representativeness but instead set out to produce a general set of findings by revealing the 'typical' with a constant comparative method (Lincoln/Guba 1985, 339-344). According to Dachler (1997), issues such as representativeness or validity of results are problems encountered only in the

<sup>1</sup> As one of our mindful reviewers pointed out, the work council (*Betriebsrat*) is largely removed from strategic decision making in Switzerland. This is why we only talked to (line) managers on the middle and top level. Our results would probably look different if the work council would be a player in the strategy process, as it is the case in Germany.

context of the realist epistemology. Within the ontology of social constructivism these problems “become mute” (1997, 718).

In order to arrive at an understanding of what is ‘typically’ understood as strategy or strategic from the management’s point of view, our sampling method involved maximum variation. The strategy is rooted in phenomenology assuming that to look at a variety of subjects will reveal their invariant, i.e. ‘typical’ nature. Patton (2002, 234) emphasises that “this strategy of purposeful sampling aims at capturing and describing the central topics that cut across a great deal of variation”. Any shared patterns that emerge from strong variation are of particular interest in capturing the core experiences and the important shared dimensions of a phenomenon (Patton 2002, 235). As Table 2 illustrates, the interviewees work in various organisational settings, and that allowed us to gain a wide range of perspectives.

### **Key findings**

Due to space limitations, we will mainly present our findings on central strategic HR practices and on the relational dynamics in strategic HR work. Statements shown in italics reflect original wording of the interview partners.

#### ***Strategic HR practices***

Table 3 provides a summary of strategic HR practices. According to the HR managers, the first topic ‘providing orientation’ includes three aspects: ‘to inform others’, ‘to act as moderator’, and ‘to merge HR processes’. All three aspects are outlined briefly in the first column of Table 3. While the practices under the topic ‘to inform others’ are primarily informative, those under ‘to act as moderator’ focus more on facilitating an interpersonal understanding of strategic intentions. In connection with mergers, acquisitions, divestitures of business units, and restructuring projects, the practice of merging and ‘standardising’ (see the third practice) the employee’s management systems often consume large amounts of resources. In view of shorter strategy cycles, centralising employee management instruments systematically has become a monumental task for HR managers.

The second topic ‘enhancing workforce flexibility’ (column 2) includes the practices: ‘boosting the urgency to change’, ‘mapping out business needs as quickly as possible’ and ‘keeping employees flexible and mobile’. HR practitioners invest a lot of time in developing a more flexible work environment. To illustrate this point, one HR manager of a large bank explained that his organisation has in effect been ‘*rattled by the market*’, and in order to account for this fact the employees, too, must be subjected to a continuous form of ‘rattling’. In general, time is perceived to be in short supply. The interviewees experience strategic change as a form of ever-widening gap between the time needed and the time available to take action. Moreover, they often see their work as a series of reactive ‘*fire-fighting activities*.’

The practices that have been subsumed under the guiding practice of ‘driving innovation culture’ (column 3) are rooted in HR managers’ belief that it is their obligation to identify new and creative ways of moving the organisation forward as a whole. These practices play a part in allowing line managers to identify their own ‘blind spots’ and cognitive limitations. They also serve as a means of expanding the organisation’s

repertoire of reality constructs, identifying new potential, and generating new ideas. By including topics on social and employment policy, HR managers expect to create an attitude among top management teams that is more receptive to ideas and interested in the potential that lies hidden in those actually delivering HR services.

**Table 3: HR Practices: What do HR Managers do in order to be ‘strategic’?**

Providing orientation	Enhancing workforce flexibility	Driving innovation culture
<p><b>To inform others</b></p> <ul style="list-style-type: none"> <li>▪ Disseminating the new strategic initiatives of the top management throughout the organization by means of values, symbols, metaphors, and myths.</li> <li>▪ Informing employees about the <u>content</u> of the new strategies.</li> <li>▪ Stimulating a particular course of action through internal communication.</li> </ul>	<p><b>Boosting the urgency to change</b></p> <ul style="list-style-type: none"> <li>▪ Creating expectations within the organization to reflect anticipated (from the organization’s perspective) market developments.</li> <li>▪ Trying to <u>align employees’ behaviour</u> to business strategy by applying intervention measures on a system level, in particular on a <u>cultural level</u>.</li> </ul>	<p><b>Creating openness</b></p> <ul style="list-style-type: none"> <li>▪ Developing a culture of confrontation with respect to <u>socio-political topics</u> (e.g., aging workforce, diversity management, work-life balance).</li> <li>▪ (Co-)creating a context that will offer HR as well as line managers greater influence in shaping the corporate future in the long term.</li> </ul>
<p><b>To act as moderator</b></p> <ul style="list-style-type: none"> <li>▪ Initiating and simplifying communication and trying to boost the <u>plausibility</u> of the strategic management decisions.</li> <li>▪ Motivating the employees and enhancing the <u>acceptance</u> of the business strategy.</li> <li>▪ Being an agent between the company’s management team, the planned strategy, and the employees. HR managers function as a <u>catalyst</u> during the strategic change processes.</li> </ul>	<p><b>Mapping out business needs as quickly as possible</b></p> <ul style="list-style-type: none"> <li>▪ Responding quickly (but often reactively) to short-term strategic change initiatives (‘fire-fighting activities’).</li> <li>▪ Acting as <u>service provider</u> for the line management.</li> <li>▪ Responding <u>rapidly</u> to new market requirements and developing new concepts and instruments frequently.</li> </ul>	<p><b>Serving as second opinion</b></p> <ul style="list-style-type: none"> <li>▪ Being a ‘hygiene’ or ‘stabilising’ factor, i.e. reminding managers who work in specialised areas not to lose sight of the <u>social aspect</u>, i.e. of what it means to work together on the group level.</li> <li>▪ Helping line managers to find the right balance between specialist and social competencies.</li> </ul>
<p><b>To merge HR processes</b></p> <ul style="list-style-type: none"> <li>▪ <u>Standardising</u> HR management instruments.</li> <li>▪ Continuously evaluating the different practices used for executing tasks in the various areas and acquainting the relevant line managers, as well as subordinate HR managers, with the new and centrally developed instruments.</li> <li>▪ Making them aware of any gaps there may be in <u>implementing strategic change</u>.</li> </ul>	<p><b>Keeping employees flexible and mobile</b></p> <ul style="list-style-type: none"> <li>▪ Developing <u>flexible organisational and work-related structures</u>.</li> <li>▪ (Co-)developing IT based talent pools that cover the whole company.</li> <li>▪ Establishing an infrastructure for world wide intra- and extra-firm <u>talent finding and exchange</u>.</li> </ul>	<p><b>Offering innovative solutions</b></p> <ul style="list-style-type: none"> <li>▪ Offering line managers <u>innovative HR knowledge</u> that is directly linked to the strategy implementation.</li> <li>▪ <u>Engaging actively</u> in business strategy activities and work jointly with line managers in developing solutions to realize strategic intentions.</li> </ul>

### ***Relational dynamics in SHRM practice***

While the HR practices referred to above have shown the HR managers’ theories of action during phases of strategic change, this section outlines the relational dynamics between HR managers, line managers, and the management committee. It also identifies the different self-images and roles that HR practitioners define for themselves and examines how they vary and at times even contradict each other.

### *(1) Marking and defending the scope of action*

The stories told by practitioners often reveal that expectations placed on HR departments are subject to continuous change. Change processes are triggered by shifts in the scope a management committee has for making HR policy decisions, by shifts in areas of responsibility, by increases or reductions in the willingness to delegate, or when decision-making is either centralised or decentralised.

In the interviews, strategic change processes are frequently associated with *exercises* or *pendulum swings* – metaphors that are often superimposed on a careful and defensive stance assumed by HR managers whose room for making strategic decision has not been institutionalised, but instead is threatened by abrupt changes in policy and strategy or by power shifts within the management committee. HR managers believe they must be alert on all sides, and they are concerned with defending their position as strategic players. Strategic HR initiatives must be prepared in the management committee over extended periods, i.e. they must be aligned with the mindset of superiors in order to have a chance to be implemented.

Abrupt changes make it difficult and costly for HR managers to maximise their influence, which is another way of expanding their decision-making scope in the long term. The interviewees described strategic personnel work as a *balancing act* or test of how long they can survive in a particular function. Already during the implementation phase of a strategy concept, the question usually arises on how much time there will be available for actually realising the change. Expectations placed on HR departments are quick to change. Moreover, the level of vagueness tends to be relatively high in HRM as regards definitions of change tasks relating to strategic planning and ideas by top management on the results to be achieved through the change. The SHRM ‘project’ expends a great deal of effort on aligning power bases and thus fosters a pervasive feeling of uncertainty. In this connection, a certain amount of resignation is likely to exist in the attitudes of HR managers, who often associate strategic change with the continuous coming and going among their superiors.

### *(2) Roots of legitimisation*

The interviews enabled us to identify three forms of legitimisation, referred to as ‘strategic business partners’. Firstly, within the framework of their strategic function, HR managers legitimise themselves by their “capacity to understand”, something that generates acceptance in the top management team (TMT). Furthermore, trust plays an important role in this connection. Secondly, HR managers refer to external legitimisation bases (sponsorship from above) when seeking to enforce their proactive management function for strategic change within the organisation. Thirdly, they rely on the power bases inherent in self-legitimation. This deals with aspects that are rooted in the individual and touches on HR managers’ personal development, such as their “expert status”, “entrepreneurial thinking” or “willingness to perform”.

#### ***Demonstrating a capacity to understand***

The stories of practitioners illustrate that a reputation as *business partner* is something that *must be earned*. It is usually achieved by proving that HR is able to understand future requirements and need for change. HR managers experience a daily need to prove

the benefit of their function and to sell their ideas. Particularly in phases of change where there is a great deal of pressure, it is important that HRM develops its work agenda directly from the conflicts, problem areas and dynamics enveloping the work environment. This generates *acceptance* of HR managers in TMT. In other words, it pays off to be humble and modest, and to *remain very pragmatic*.

### ***Sponsorship from above***

The implementation of strategic concepts in the sphere of HRM is often brought into association with lobbying or clever sales tactics. It is not a matter of ‘discussing things’, ‘exchanging ideas’, or of ‘developing a common strategy’. In strategic change processes, HR managers must be clever sales agents who are adept at putting forward their ideas, initiatives and models by using ‘*business-talk*’. They must also adopt a targeted approach in recruiting a member of the executive board to become the concept’s ‘*sponsor*’. Both of these tactics help speed up the implementation of SHRM initiatives enormously.

### ***Being an expert***

The stories have also shown that many HR managers are recruited by the company to act as change experts. Some of the HR managers are former consultants who were hired as HR expert on account of their proven track record. They have strong specialist qualifications in talent management and management development that serve as their power base. Furthermore, they make a confident impression when interacting with colleagues in line management and when meeting with members of the executive board.

### ***Being an entrepreneur***

These HR Managers believe that they know exactly where to start and where the steering mechanisms of HRM lie. This is because they have often worked in several functional areas and therefore ‘know’ where the centres of gravity are located in SHRM. In particular, those HR managers who have worked close to the marketing and the sales areas, i.e. near the company’s interface to the market, will consider the implications on these departments every time they make a decision that concerns people or other HR relevant aspects.

## **Conclusions**

The final section addresses two issues. *Firstly*, it puts forward four key propositions – derived from our empirical research findings – that summarise how our findings contribute to existing SHRM theory and outline a new and empirically-based understanding of SHRM. *Secondly*, it offers a general discussion about the value of using a narrative approach in SHRM research.

### ***Propositions***

1. SHRM means enabling sensemaking processes under conditions of uncertainty: HR managers describe their work during phases of strategic change as a balancing act between empowerment and disempowerment with regard to their sphere of influence. They are often concerned with orientating and positioning themselves in an environ-

ment in which guiding principles of personnel work must be reinvented and/or re-aligned quickly in the wake of a change, such as a merger or an acquisition. Furthermore, new strategic initiatives can be implemented only after a phase of intense communication during a workshop, meeting, i.e. through a continuous support measure. These practices encourage employees to jointly 'reconstruct' the new requirements with which they are confronted. It must be assumed that by way of such HR initiatives, the self-reflective capacity of the organisation receives a boost, which in turn triggers learning processes (see Müller/Hurter 1999). During phases of strategic change, a great deal of time is expended on convincing employees of the plausibility of strategic management decisions. From a constructivist perspective, one implication would be to account for employees' lifeworlds, i.e. to address them in their own subjective reality and include them in defining new reality constructs.

2. SHRM means reducing strategic requirements down to a human level: We noticed repeatedly that the organisation's sensemaking and learning processes in general lasted much longer than was originally envisioned by top management. HR managers had to make sure that employees were able to keep up with the changes. This phenomenon can be understood to mean that TMT had arrived at a shared understanding of the new strategic reality long before the strategy had been officially announced, and that the majority of organisation members are unable to keep pace with the dynamics of organisational development. While TMT had time to internalise the new strategy and its inherent meaning in advance via social processes (strategy meetings, management development, training sessions, etc.), lower management and the remaining employee groups were given the opportunity to deal with the meaning only after the official announcement. TMT often neglects or underestimates this 'sensemaking lag', which should be considered and accounted for by informing HR managers earlier or granting them more time to adjust to the new goals.

3. SHRM means demonstrating insight and adjusting to the logic of market competition: The 'classical' world constituting HR managers' environment has become increasingly intertwined with that of line managers whose horizons and points of reference are generally more closely coupled to external market mechanisms. It thus makes sense to speak of 'harmonised interpretive patterns' that are used by HR managers and line managers to gauge the dynamics of the environment. As regards requirements imposed on the HRM function to facilitate long-term change and boost flexibility, the question arises whether this form of harmonisation is altogether functional: Is it really necessary for HR managers to have the same sense of timing and understanding of internal dynamics as, for example, marketing or product managers?

On the one hand, a high degree of harmonisation facilitates communication within TMT and eliminates interaction costs that would arise in connection with lengthy negotiation processes between an autonomous and powerful HR sub-department and its line managers. On the other hand, this can lead to a narrowing down of perspectives. A high degree of harmonisation can have a strong filtering effect on anything that is new, unusual, or unique. In corporate practice, there is a wealth of examples with fatal consequences arising from this form of complacency among management cadres who have developed harmonised time awareness. Furthermore, this form of harmonisation comes at a considerable, if not excessive, cost

because time stands in an extremely close relationship with both the objective and the social dimension (Stahl/Hejl 2000, 224). The harmonisation of interpretation patterns between HRM and line management negatively impacts divergent opinions. HR managers align their activities with (external) market structures and set up their sub-departments as revenue centres, while the expectations of HR and line managers follow suit. This means that dissent and conflict, as constructive mechanisms of the organisation's internal change capability, are ruled out. Reinforcing established and stable structures by means of collective interpretive patterns, such as a standardised perceptions of time, is generally referred to as "groupthink" phenomena (Janis 1972), "top management team homogeneity" (Wiersema 1992), or as "restricted learning capabilities" (Tripsas/Gavetti 2000). It seems necessary to critically examine the 'agreement' that is reached between HR managers and line managers to preserve an open 'discourse of direction'.

4. SHRM means inventing and experimenting within realms of possibility: Strategic HR management is by no means a logical and deductive 'exercise', but one that is driven by action. Strategic HR measures are often negotiated on a trial and error basis between HR managers, line managers and top management before they are applied in actual practice. Although most organisations have official HR strategy concepts, these are more likely to fall under the mission statement category, and they probably have only a marginal impact on influencing the action of the organisation's key HR managers. The vagueness of the SHRM project becomes apparent when interviewees describe the objectives of strategic HR initiatives. These are aimed at 'triggering change, giving new impulses, adding a bit of structure to the whole thing in subtle ways'. The HR Community generally has little interest in clarifying such inchoate references to 'doing HR strategy'.

By retaining structuring properties of rules and resources as well as temporal and spatial aspects (Giddens 1984), practices create different 'spaces' for strategic action. We understand the abovementioned strategic HR *practices* as closely linked to the structures of legitimisation (see the category 'roots of legitimisation' and the corresponding topics) as well as to domination (see the category 'marking and defending scope of action'), because they seem to be venues for discussing value standards and sectional interests; rights, revising obligations and sanctions, as well as determining command over objects and allocating and resources. These practices may legitimise strategising activities, but they do not necessarily provide any instrumental purpose. The practices of which the HR Community benefitted the most reflect mainly the structures of signification (Giddens 1984). Among others, meetings and informal relations provide the space that is conducive for reflection, and they stimulate processes aimed at discovering and sharing meaning.

#### ***The contribution of a narrative approach to SHRM research***

The abovementioned topics convey a profound sense of the realities of HR practitioners. They also convey a sense of "immediacy" (Bryman 2004, 763) because they recur in practitioner's own words and tell us something about the "social making" of SHRM as a complex and multivariate construct. However, the advantage of outlining the concrete 'realities' of SHRM and paying attention to the context, including

SHRM's interpretation of strategy and strategic action during change processes comes at a cost: the contextualised re-construction can not easily be generalized and applied to other contexts and thus makes generalisation in the classical, statistical, sense difficult.

One way of approaching the issue is to consider the findings as opportunities for what Williams (2000) calls "moderatum generalisations". In our view, this qualitative study based on narratives contributes to SHRM research in that it increases the understanding of strategic HR practices and the activities of HR practitioners. The ideas put forward here can be seen as a widened interpretation of current 'room for strategic manoeuvre' within HRM. We believe that the narrative approach generates much more than what critics often call an 'anecdotal, impressionistic analysis with limited external validity'. This kind of research produces culturally-bound and empirically-grounded theories and it often results in a stream of further questions, some of which may require additional rounds of qualitative or quantitative research.

Increasingly unpredictable developments in markets and organisations combined with mounting complexity in decision-making have ruled out the possibility that empirical SHRM findings will deliver the 'right' causal link between HRM concepts and strategic management concepts. In other words, the search for suitable measures with which to raise the quantitative performance indicators of an organisation must be abandoned. The challenges that future-oriented HRM faces today are far more diverse and require a much broader understanding by TMT. A narrative approach is therefore promising because it accommodates the complexity, local meaning and day-to-day symbolism that a traditional experimental or survey methodology is unable to address (e.g. Prasad/Prasad 2002). Another advantage of an interpretive analysis of narratives is that the findings are grounded in the subject's experience and are therefore more accessible to practitioners than most statistic results (e.g. Bryman et al. 1988). The results of a narrative analysis can therefore be seen as more relevant, insightful and thus useful to practitioners. We interpreted different stories about experiences and perceptions of SHRM during strategic change. After that we identified the patterns in strategic HR practices and the themes that expressed the dynamics of strategic HR work. In this manner it was possible to understand the actual structures of relevance of this vague concept of SHRM based on narratives of HR professionals and line managers from a number of firms in the same cultural context. We would like to emphasise that the narratives and experiences have not been brought into an analogous relationship. What is presented in a narrative is constructed in a specific form during the process of narrating (Flick 2006, 180). It is always the 'story of strategic practices' that can be narrated, not a state or a recurring routine. This can be understood as a limitation of narratives as a data source. The 'routine' or 'typical' nature of the SHRM phenomenon can be derived 'only' by analysing the patterns of the main topics mentioned in the stories.

To conclude, the state of research in strategic management is currently experiencing a paradigm shift and the viability of its assumptions has become somewhat blurred (Nkomo/Ensley 1999, 343). There is, however, one clearly identifiable aspect: In the wake of a "practice turn" in strategy research (Johnson et al. 2007), the process-based, constructivist and relational character of strategy and strategic change has gained in-

creasingly in importance. By means of this type of social practice-orientation, SHRM becomes conceivable on a much broader basis than was previously possible within the bounds of prescriptive concepts characterising strategic management.

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