The Discovery of HR from Strategy-as-Practice Perspective: A case study in durable consumer goods industry

Pınar Acar\textsuperscript{a,\*}, F. Gülruh Gürbüz\textsuperscript{b}, Müjdelen İ. Yener\textsuperscript{c}

\textsuperscript{a,\*}Okan University, 34959 Tuzla, Istanbul
\textsuperscript{b,c}Marmara University, 34180 Baḥçelievler, Istanbul

Abstract

The aim of this study is to explore Human Resource Management (HRM) practices from Strategy-as-Practice (S-as-P) perspective in a company which has a reputable brand at an international level. The research also tries to discover the missing link between Strategy-as-Practice and HRM. In addition, the study tries to explain how S-as-P and HR interact and work together. This study was performed as a case study through using qualitative research methods. In the research, interview techniques which are semi-structured and open-ended questioning was used. The sample of the study is composed of HR directors, Strategic Planning directors and employees. This study is original in the nature as it tries to discuss Strategic HR from strategy as practice perspective.

Keywords: Human Resource Management, Strategic HR, Strategy-as-practice, Reflexivity, Reputation Management

1. Introduction

In this study, we investigated the mystery behind the closed doors of a reputable company. Having operations in durable consumer goods industry with production, marketing and after-sales services, the company offers products and services around the world with its 25,000 employees, 14 different production facilities in five countries (Turkey, Romania, Russia, China and South Africa), its sales and marketing companies all over the world and its 10 brands. The company has been selected as the most...
reputable company of 2012 in a "Survey on Turkey"s Most Reputable Sectors and Companies’ made by GfK Turkey. What is the secret of this success? First, we have set out the philosophy of strategy-as-practice. This way is a humanistic way which examine the strategic process in humanistic perspective by combining the technical part rather than classical point. When we looked in the context of strategic planning and strategic human resources, theories certainly overlapped. Resource-based approach which forms the base of the strategic human resources, revealed that the most valuable part of the organizations were still human. People in the organizations were created value according to the resource-based view. At this point, we would come across a frame which is highly compatible with the strategy-as-practice philosophy. To use the qualitative research methods in the most accurate way, we left ourselves extremely free in the light of the theories which we developed. After creating the infrastructure, interior observations, interviews and inferences are remained. During our visits to the company, we just try to feel the air like living in the company. To be free and unprejudiced, did not seem so easy for a well-known brand. However, this study had revealed an observation as natural as possible and we should achieve it in the light of this purpose. On the other hand, this study should draw a line close to the concept of reflexivity. In the story, we are supposed to be on the stage. Our study would be enriched by the eyes and roles of us, the researchers. This study was performed as a case study through using qualitative research methods. In the research, interview techniques was used. The sample of the study is composed of HR directors, Strategic Planning directors and employees. Semi-structured and open-ended questioning techniques was used. A qualitative case study is an approach that enables exploration of the case within its context using several data sources (Baxter and Jack 2008). This method is recommended for exploratory research and is applicable in analyzing the fact within a contemporary context. Furthermore, several data sources, interviews, archival data, etc., can be harmonized in research methodology of case studies. The case study method is based on constructive paradigm. The constructive paradigm claims that truth is relative and that it is dependent on one’s perspective. Case study research has the potential to deal with simple to complex situations. It lets the researcher ask ‘‘how’’ and ‘‘why’’ questions, while taking into account how a phenomenon is influenced by the context within which it is situated (Dhanda,2013).

1.1. Strategy-as-Practice

Authors defined Strategy-as-practice (s-as-p) concept as a research topic which is related with the doing of strategy; who does it, what they do, how they do it, what they use and what implications this has for shaping strategy. They point out that while people do strategy there is a curious absence of human actors and their actions in most strategy theories, which is related with the internal dynamics of the firm, such as the resource-based view. On the other hand, s-as-p studies has taken this concern seriously, bringing human actors and their actions and interactions to the center part of strategy research. In addition strategy-as-practice research examine the social complexity and causal ambiguity in the resource-based view and explain the practice that constitutes strategy process. Through s-as-p perspective, strategy has been defined as a situated, socially accomplished activity, while strategizing comprises those actions, interactions and negotiations of multiple actors and the situated practices that they draw upon in accomplishing that activity’. In s-as-p field there are parameters as, practitioners (those people who do the work of strategy); practices (the social, symbolic and material tools through which strategy work is done); and praxis (the flow of activity in which strategy is accomplished) .The links between micro and macro phenomena and the importance of developing outcomes. Micro defines strategy praxis at levels of the individual or group’s experience of a specific episode, such as a decision, meeting or workshop. Meso defines strategy praxis at the organizational or sub-organizational level, such as a change program, or a
strategy process, or a pattern of strategic actions. Macro defines strategy praxis at the institutional level, which is most typically associated with explaining patterns of action within a specific industry (Jarzabkowski, P. & A. P. Spec. 2009).

1.2. Epistemological Reflexivity

The results in this study are interpreted within the reflexivity framework. According to the literature, reflexivity defined as the subject orientation of the researcher within knowledge, experience and expertise during the review and interpretation of the findings. In reflexivity, the researchers are included in the process and reflect the observations by internalization. Epistemological reflexivity is defined as the most basic feature of social research strategy and methodology (Bourdieu, 1992).

Bourdieu discovered the concept epistemic reflexivity, to indicate critical reflection on the social conditions. According to Bourdieu, reflexivity goes beyond the subjectivity to cover the organizational and cognitive structure of the area. Bourdieu suggested that, reflexivity contributes to knowledge construction (as cited in Kinsella and Whiteford, 2009).

1.3. HRM

In the literature review, there are different explanations on human resource management. These are traditional personnel management approach and contemporary (resource based) human resource management approach. Traditional perspective offers that HRM is the recent name of personnel management. However, both personnel management and contemporary approach, agreed with the idea of ‘human factor in organization’ is strategic. They describe strategic qualification differently but there is a consensus on the concept ‘strategic’. Researchers defined ‘strategic qualification’ in organization as close/organic connection with human factor and strategic job process (Bayat B., 2008). Human resources function has a critical role in firms, as it can bring competitive advantage to the organization (Farazmand, 2004 as cited in Sondhi and Nirmal 2013). HRM (Human Resource Management) is also one of the the key functions in the development and implementation of strategic process (Ulrich, 1997 as cited in Sondhi and Nirmal 2013). Some researchers mentioned the importance of being a strategic partner with the business to achieve organizational goals so this helps HRM to create added value for the firm (Sondhi and Nirmal, 2013). To have a strong HR system, organising of HR principles, policies, programs, and practices must be internally consistent, distinctive, and widely accepted. Employees at this point interpret and understand the messages correctly (Haggerty & Wright, 2010 as cited in Lengnick-Hall, Lengnick-Hall and Rigsbee, 2013). According to the literature, good HR practices affect positively to the overall financial performance of organisations. Statistical tests show that, careful recruitment and selection, training and internal career opportunities have a positive impact on reducing employee turnover. Training, is also have a strong positive impact on financial performance measured by return on assets and return on equity (Darwisha, Singh and Mohamed, 2013). Human beings are showed as capital assets by HRM and one of the important part of HR is to manage those capital assets for organizational benefit. Wright and Snell (1998) as cited in (Rosemary Batt and Mallika Banerjee,2012) suggested ‘fit’ and ‘flexibility’ in the HR function of a company to support this idea. They explained the tight fit between business and HR strategy as supporting current performance, flexibility which the ability to react to changes in the external environment. HR studies should link between classic HR functions (recruitment, selection, training, performance management, and compensation) and business strategy which cover the role of industry on these functions and explain how these functions work (Batt and Banerjee, 2012).
1.4. Strategic HRM

Strategic Human Resource Management (SHRM) has covered the factors like liberalization, emergence of multinationals & competition to become strategic. The concepts of globalization, international competition, innovation, and technology has influenced companies for being cost effective and efficient to survive and prosper (Vasudha Sondhi and Prerana Singh Nirmal, 2013). The field of strategic human resource management put an emphasis on the functioning of the organizations. Human capital is crucial in terms of gaining competitive advantage and remaining organizational performance (OP). Researchers suggested that, if organizations desire to survive and compete in the global economy, they have to develop world-class human resource (HR) competencies and the practices necessary for managing such resources (Pfeffer 1994, 1998; Schuler and Jackson 1999; Khandekar and Sharma 2005; Moideenkutty, Al-Lamki and Murthy 2011 as cited in (Tamer K. Darwisha, Satwinder Singh and A. Fattaah Mohamed, 2013). Strategic HRM is a link between HRM and strategic management processes of a company. Strategic means that HR activities should systematically design and deliberately connected to an analysis of business and its context (Schuler, Jackson and Storey, 2001). SHRM highlights on coordination and harmony through the various HRM practices like HR Planning, recruitment, selection, training and development, reward and compensation as they plays important roles in the achievement of strategic goals (Chew and Chang, 1999). Recruit, retain, develop, reward and make people perform in the organization is part of talent management which referred as Strategic HR. Companies that engage in talent management are strategic and deliberate in how they source, attract, select, train, develop, retain, promote, and move employees through the organization. Academics, practitioners and consultants argued that if HRM wants to create added value for the organization, it has to become a strategic partner with the business in achieving its business goals. Recent decades have seen HR becoming a unique and differentiating asset, playing an increasingly important role in organization (Chandra and Shen, 2009). HR problems and solutions are investigated at the level of workplace or firm and relation to the role of employers associations, unions, professional associations, or governmental bodies. (Rosemary Batt and Mallika Banerjee, 2012). Over the past two decades, many have argued that human resource (HR) management has successfully transformed itself from the field of personnel management to that of strategic HR (Ferris, Hochwarter, Buckley, Harrell-Cook and Frink 1999). While personnel management had focused on employee wellbeing and the execution of HR functions such as training and benefits administration, strategic HR was thought to contribute to firm competitiveness by showing the link between HR policies and firm performance. Wright and McMahan (1992) applied a range of theoretical frameworks to strategic HRM. A stream of research produced four major research perspectives on strategic HRM: universalistic, contingent, configurational, and contextual (Martin-Alcazar, Romero-Fernandez, & Sanchez-Gardey, 2005). They highlight the role of best practices (Pfeffer, 1998), organization strategy (Lengnick-Hall & Lengnick-Hall, 1988), the environment within which the organization functions (Jackson & Schuler, 1995), cultural context (Brewster & Bournois, 1991), and the global environment and stakeholder satisfaction (Schuler & Jackson, 2005). Assuming that HR strategies cannot be successfully implemented without employee support for and commitment to these strategies, this research focuses on high-involvement work practices, which allow employees to participate in management decisions as potential moderators of the integration of HR functions in strategic management and firm performance. In recent years, management scholars and practitioners have increasingly noted the strategic value of human resources because the acquisition, development, and retention of human resources are embedded in a firm’s unique history and culture and thus provide the firm with an idiosyncratic source of competitive advantage (Barney, 1991; Heneman, Ledford, & Gresham, 2000).
The integration of HR functions into strategic management can proceed through two phases: strategy formulation and implementation. Concerning strategy formulation, HR functions should provide insight into the types of employee knowledge, skills, and abilities that can be mobilized to create competitive advantage. In implementing a strategy, HR functions should organize and manage HR competencies and behaviors in alignment with the strategy. Prior HR scholars have exclusively focused on the integration of HR functions into strategy formulation. For example, Wright, McMahan, McCormick, and Sherman (1998) found that although HR executives’ involvement in strategic management was not directly associated with firm performance, their involvement had a substantial effect when the firms pursued a product innovation strategy for which skilled employees were a critical source of core competence. These studies suggest that the involvement of HR functions in strategy formulation positively influences firm performance, particularly when a firm’s core business requires human capital as a strategic asset.

Assuming that HR strategies cannot be successfully implemented without employee commitment to these HR strategies. Because human resources are a core set of strategic assets, analysts have emphasized that HR activities should be integrated into a firm’s strategic management. To obtain employee support for and commitment to HR strategic function, firms should establish appropriate involvement-oriented management systems (Hyondong Kim & Kang Sung-Choon, 2013).

1.5. Resource-based View

Resource based view (RBV) has important contributions on SHRM (Wright, Dunford & Snell, 2001 as cited in Jay Barney, Mike Wright, David J. Ketchen, Jr, 2001). People in the organization are strategically important to the company’s success which interaction and integration of strategy and HRM issues. Resource based view of the firm is the most effective framework for understanding SHRM. Barney suggested that sustained competitive advantage arises from the resources and capabilities of a company which are tangible and intangible assets, including the company’s management skills, its organizational processes and routines, and the information and knowledge it controls (Barney, Wright and Ketchen, Jr, 2001). Foss (1997) studied the terms like assets, resources, capabilities and competences. The researcher suggested that the meaning of the terms as capabilities and competences seen as seriously different from assets or resources, Foss explained that those that make the distinction generally feel that knowledge assets are the most likely candidates to gain sustained competitive advantage (Truijens, O., 2003).

1.6. Reputation Management

Researchers have suggested that “reputation” and “image” concepts are the global result of a company or individual’s behavior rather than something that can be managed. Reputation management is a new paradigm for the social sciences field which Warren Buffet described the concept as losing reputation is a far greater sin for an organization than losing money (Hutton, Goodman, Alexander and Genest, 2001). Corporate image, is the actual mental picture that people have of an organization. Corporate reputation, on the other hand, emphasizes a value judgment about the company’s qualifications. Corporate reputations are linked with consistent performance and effective communication; on the other hand corporate images can be evolving with well-conceived communication programs. Organizations need to present a proper and positive image to their stakeholders. These stakeholders are; customers, distributors and retailers, suppliers, joint venture partners, financial institutions and analysts, shareholders, government regulatory agencies, social action organizations, the general public, and employees. The supports of the stakeholders are crucial for the reputation of the company. Researchers studied that, if its
customers had a negative perception of the company or its products, its sales and profits naturally will decline (Gray and Balmer, 1998).

2. Case Study

Organizational Culture: The Practice school is concerned with strategy works. Meetings, interviews, filling out forms, digital data analysis and so on. Such concepts are covered in strategy formulation and execution process. S-as-p does not apply in all circumstances and in all institutions. There is no one best way for that situation. The success of the strategist varies according to time, location and conditions. Strategy-as-practice, offers to look at the artifacts in the organization and also investigates how socialization process and concepts are revealed by strategists within tacit knowledge. Tacit knowledge is a kind of knowledge which is personal, difficult to transfer, express and format. According to strategy-as-practice perspective, tacit knowledge and reflexivity are the concepts which emerged during the practice in regard of strategist managers. As a result, our findings are concordant with the strategy-as-practice perspective. Namely, within the organization there are various sub-cultures. Diversity, processes between departments and product gave some important clues about how these reflected to their culture. The organization were in the change process of a new ceo and the new ceo had a very analytical perspective and also carry their own understanding and rules to the institution. The information from bottom is taken by the ceo than the ceo develop this information, adding his own comments and finally send back this information to the bottom (Whittington, 1996). Giddens (1984) as cited in Jarzabkowski (2002) revealed that epistemic reflexivity or reflexivity concept is the result of the effective practices of strategists. They observe the results of an action and after they add their own experiences and perceptions and finally they manage the consequences. According to the findings, the new ceo adopt or internalize the corporate culture and after offer back this culture with developing and renewing by adding their own differences.

External Environment: The director explained the importance to understand and feel the air as the market, the external environment and customers. He actually provide information about the level of risk-taking of the company. A reputable brand and a company which calculate risks coming from the past, learned from past experiences, recognize the risks, a desire of converting the barriers to success, and they never give up.

Team: The director who has the experience of working in various companies abroad, expressed that everyone within the organization are working very hard and he added that, he has never seen such a hardworking community of people. We saw a team who are process-oriented, follows good-to-great perspective and a team that never accept defeat.

Strategic Planning Unit: Strategy-as-practice perspective covers the concepts like strategizing and strategize. The main focus on strategy-as-practice perspective is the strategy which is defined as social practice. S-as-p investigate how the practitioners act and interact. Therefore, the key question concentrated on effective strategy practitioners and their process to achieve it (Whittington, 1996, Giddens, 1984 ve Jarzabkowski, 2002). As a result, our findings are concordant with the strategy-as-practice perspective. Namely, strategic planning department which is one of the three unit that directly connected to general manager, was working too hard and busy. They are continuously generating projects and developing strategies etc. So, this causes heavy burden on employees. The feedback of data analyzed for days and projects filtered to present for the top management just wasn’t happening. Result-oriented employees who are motivated seeing the results wouldn’t be happy at strategic planning unit.
Strategic planning is an open-minded department so it should work in coordination and interaction with other departments and this is a negative condition for an employee who want to do his/her own job.

**Organizational Goals:** Overall profile of the institution: a systematic structure emerges where not too much visionary inside and tried to reach the goals with ideals. This reputable company, has tried to reach financial target with predicted plans and the company has perspective filled with realistic goals. Growth in Europe is one of the main goals of the company as expressed by the managers. Growth target and profitability are parallel items and strategic outcomes are conclude within the center of the holding. There is flexibility inside the company and that means, the projects are completed in three months rather than one year. However, the disadvantage of this flexibility sometimes lead some errors and problems within the system.

**Strategic Planning Process:** The Practice school focuses on the management level and offered a perspective on how the strategists generating strategies. Practice school approach shift the concern from core competencies of the company to the manager who is described as strategist and the ability to practice. At this point, our findings are compatible with the strategy-as-practice perspective. Namely, the strategic planning process has formed after a while. In decision-making process, targets have revised once a year. Top management are setting the focus on targets and there is a collective decision-making process, comfortable and participatory point of view and commitment present. In organization, control is not in one hand and the integration is provided. In the strategic planning process, projects are carried out in coordination with different units and balance between departments are established. According to the managers, there can be ongoing projects at the same time and resources are determined in accordance with needs, size and importance. Finally, holding is decisive in investments which are financially at a certain rate. Strategy-as-practice perspective also focuses on acts and interactions during the strategy-making process of managers and consultants. According to the findings, managers are experiencing some conflicts in the strategic planning process and these conflicts cause barriers to achieve their goals. For example, strategic planning unit conflicts with sales department seriously. One of the reason is, strategic planning department has to think in long-term perspective however, sales department has short-term and daily goals. It takes time for teams to recognize each other and the requirement to speak in common language can also create problems. The most closest unit for the strategic planning department is operational department which they work in coordination and reconciliation. When we asked the question about the requirements to work in strategic planning unit, they mentioned the importance of to see the big picture and see the environment in a wide perspective.

**Corporate Reputation:** In the context of iceberg metaphor, artifacts are on the surface layer of the water. These are, behavior, technology, traditions, stories, language, physical symbols which are observable phenomena (Schein 1992; Pedersen ve Sorensen 1989 as cited in Işık ve Gürsel, 2009). In the context of strategy-as-practice perspective, the artifacts in the organization are investigated. So the findings showed that corporate reputation arised as a result of the parts which are at the top of the iceberg metaphor. Namely, they mentioned that, they protected the balance between being modest and reputable with the help of the culture coming from the co-founders. The reputable company is environmentally conscious with social responsibility projects and it takes place in the market with solutions, economic and need-based products which are consuming less. Thus, corporate reputation is crucial for the organization. They stated that, corporate reputation is beyond earning money or profit.
**Problems in Strategic Planning Unit:** Disagreement occurred between director and employees, namely, the manager during the interview also supported this idea. Strategic planning unit director was strategist and expert in marketing and CRM, however, he was inadequate and uninformed in the strategic planning process. The director certainly didn’t look internal customers and he was result-oriented. The director consider each issue which was important and crucial for him and was doing everything to achieve the targets. The director had a project-oriented image but in the meetings instead of talking strategic planning, he was entering into different expectations. He approved the project proposals coming from teammates however, he didn’t actually accept and execute them. Director told that the teammates sometimes could work at home rather than coming to the office but in reality this was so difficult because the company has strict rules about working hours. The new leader of the company is on the road to become the CEO of the holding. In the company so many departments are directly linked to him so the new leader was so busy to control all departments as well as strategic planning department. This cause another problem that the CEO rather than control everything in strategic planning department, he just consider the issues which the director gave him. Actually, the CEO has an inadequate information about the department because he was depend on what the director gave him. This situation leads the director to be dominant and arbiter in the department. There are teammates in strategic planning unit who have humanistic perspective but they couldn’t come out in the process because of the director. At this point, we taught that, if one of the teammates who have humanistic perspective was director, there could be more people-oriented and motivated process for strategic planning unit. Therefore the unhappiness within the team could be changed by happy working conditions.

**HRM:** According to the manager, turnover rates are high and managers have missions as working harder and getting efficient output. Managers have to be a man of many parts and should have strong basic facilities. Strategic planning unit team were very pleased with the new CEO and they taught that a new life has been occurred in company. The organization’s new CEO has coincided with a full vision change and this was a great opportunity or a chance for him. The manager explained that the company was productive, relaxed and employers could live without spending money, there were timeliness of salary, low-wage according to the market, premium based wage policy including managers. There were reward system, no promotion mechanism, over-time on weekends for blue-collar, no special treatment, no mobbing and no wage inequality.

**Strategic HR:** Within the company, every factory has its own human resource management department, however, strategic human resource practices are located in the center of the company. On the other hand, they expressed that, international human resource management and leadership are another important issues for the company. The company doesn’t give up its own trained labor. If there is dissatisfaction within department than the worker directed to another unit. Dismissal, is contrary to company’s philosophy so it is highly unacceptable. Actually, when a new position is opened or in the recruitment process, firstly there is an official announcement inside the company for their own employers. Group manager said that, in the strategic planning process, workforce qualifications are determined by human resources directors and also explained that white collar and blue collar management have different philosophy. On the other hand he explained how human resource directors manage the process locally. There are approximately 70-75 expat within the company who are extremely important for company’s strategic process. Expats are the employees who are working in different countries and especially the employees of the multinational companies whom subject to rotation. Another important issue for this reputable company is talent management which is one of the most important functions of strategic human resource management. Actually, as we told before that one of the
most valuable resources for the company is human. In terms of competence, it is very important for the strategic implementations to discover and develop bright and promising employees. At this point, flexibility and openness is significant within the company, thus we cannot see strict rules here, in this reputable company. They noted that, talent management applications are not just for discovering and educating the abilities, they also for promoting the position without waiting too much. Namely, successful employers can be realized by the manager at the beginning and it is important to let him/her go rather than stop his/her action at the beginning of his/her career. In organization chart, human resource management is divided into two which is technical-financial and sales-marketing-purchasing. As stated by the group manager that, sales, marketing and purchasing are the most strategic dimension of the business. The sub-dimensions which are expressed as ‘operation’ in industry language and as ‘functions’ in academic language are recruitment, selection, deployment, administrative affairs, employee affairs and education etc.. When we look to the strategic human resource management functions, wage and benefits, global processes, wage and performance, selection and deployment, talent and education, budgets and new projects, sap, labor force, industry, trade unions and global business security concepts emerge.

3. Conclusion

According to the findings of the study, the focus of the strategy-as-practice perspective is “human”. They actually mentioned that, this reputable company gives a great priority to human and according to their view, it is important to invest in human. The new CEO had a good image on employers. He was process-oriented but overlooked the process, asking one-by-one ideas in the meetings, desired to understand in individual-based, tried to work on special issues, not gave the final decision without getting everyone’s ideas and a democratic leader. As well as, they noted that, in top-level meetings everyone have rights to speak and involve to the process. During the meeting, they noted that, in terms of strategic human resources, the most important item is the selection and deployment. Human is crucial which the manpower with the required competencies constitute to reach the company’s long-term goals. The findings of the study showed that, indispensable of strategy-as-practice is the high interaction with human resource management. Strategy-as-practice concept is newly placed in qualitative studies so for further studies, researchers should investigate this concept as a qualitative case study in different industries. Because s-as-p concept can best fit to the qualitative studies. For strategic management interdisciplinary, the perspective will be helpful for both academicians and industry.

References


Johnson C. (2012), “SO you want to be a strategic HR person? how understanding companion competencies can help you plan your development Strategie HR”, Human Resources, August September.


