

From Transactional to Transformational: HR as A Strategic Business Partner

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Abstract

It is in today's rapidly evolving business landscape that organizations experience unprecedented challenge and opportunity that will require the blurring of traditional lines between roles within organizations. While HR has traditionally carried out operational tasks including but not limited to compensation administration, and compliance reporting, it is becoming apparent now that a proper strategic partner of the organization. In this article the authors discuss the journey of the HR from being a simple clerical function performing a number of transactional operations to a strategic business partner assisting in the achievement of organizational objectives through the use of data and a positive culture. Analyzing reasons for transition toward such organizational design, we reveal ways in how HR can become multimodal partner in managing modern business environments.

Keywords: Human Resources [HR], Strategic Business Partner, Transformational HR, Organizational Success, Business Objectives

Introduction

The social construction of the contemporary workplace is an increasingly changing phenomenon. They have experienced numbers of changes which are related to advancements in technology, changes in the markets and most importantly the increase in the expectations of employees. In this regard, the original tasks of Human Resources as the recruitment, labour relations, remuneration, and legal requirements do not fully address the new role of the function within the contemporary business requirements. Consequently, it is become imperative for HR to develop into an organizational change agent who would be responsible for directing organizational advancement and efficiency.

Traditionally, HR was of a transactional nature and was seen mainly as a utility function where its main activities were centered on executing administrative work and dealing with legal questions. But as organizations attempt to reach out to their workforce in a more meaningful way and search for new model for managing talent, HR is being expected to be more strategic. This change indeed signifies a significant social change in not just the concept of HRM and how it functions but has also expanded from the role of administrative personnel that is involved in personnel practices to becoming one that is becoming strategic by proactively managing firm's human capital vis-a-vis its overall strategic plans.

The Evolution of HR



Evolution of HR: From Personnel Management to Strategic Leadership

Human Resource Management (HRM) has evolved over the past decades by adapting up to meet the changing world of work. This evolution has been seen as a shift of the general practice of the Human Resource staff from just executing the housekeeping role in the organisation to contributing to the formulation of organisational directions. The shift from the transactional model of HRM that offers strategic importance of executing simple and mechanical tasks and just being an administrative actor to handle the employees to the newer transformational model which envisions the HRM as a strategic business partner is the best examples that illustrate the fact.

In the previous chapters regarding the development of the field of HR, the major tasks were focused on payment of wages to employees, keeping records and following the legal requirements. In the past, Human Resource was mainly viewed as a sub-ordinate and technical functional activity with limited strategic Human Resource Management involvement. Ultimately, this transactional focus was characterised by efficiency, measurability, and cost-cutting which, while essential in many ways, stifled HR's opportunity to add value to strategic organisational development and to facilitate improved levels of employee participation.

However, as there were several changes like globalization, technological efforts and change in the demographic of the working population, the traditional transactional HR model was proved to have its several restrictions. Business entities realized the importance of human capital as well as the limitations of the conventional methodology in treating the issue, the management of the human resources evolved into a strategic role. This change included the process of changing the approach to operating under organizational goals and visions of HR.

The following is a common signature of transition from an organisational or operating model to a transformational one. First, there has been shifting of management of talent in Human Resource since it is now involved in identifying, building and maintaining a pool of talented employees. This shift shows that people are equally important in the establishment of competitive advantage. It can help if HR got

involved in creating a cultural practice within the organisation that supports learning and development because this would enable the workforce to be ready to face any new challenges expected of it.

In addition, the change in the HR model under analysis prescribes the use of effective data analysis for various decisions. Today's human resource specialists use analytics to analyze employees' productivity, levels of satisfaction and key trends in the workforce in order to make proper decisions that would help the company. This analytical approach beneficial not only for HR's reputation within the organization but also contributes to making HR more of a business partner.

One area that supports the business case for HR is through analyzing how strategic HR interacts with leadership levels. Currently, the top human resource management factors are asked to join conversations that embrace strategic planning to support the organization vision and objectives that encompass human capital. This kind of cooperation means that managers do not look at the human resource simply as an expense but they consider it as one of the main assets in the process of creating additional value for companies and Organizations.

Traditional HR Functions

Historically, HR was defined by a process that consisted of a fundamental core of processes that focused on the efficient functioning of the business. Some of the tasks included were; staffing and recruitment, staff training and development, staff performance appraisal, and legal compliance. The primary role of this organizational structure was on preserving discipline and managing people rather than on supporting decision making. HR specialists were often positioned in a 'custodial' role where they were expected to interpret the policies and act as a barrier to employees –rather than facilitative of the organizational structure.

Strategic partnering as a new direction in channel relations

The beginning of the twenty first century can be referred to as a turning point in terms of HR functions. As business environments mutated noticeable – through such processes as the globalization of business, innovation in technologies, and rising demands from the employee, organizations realized that the role of HR specialists should transcend those traditional perimeters imposed on the field. The understanding that fundamentally, human capital represents a key source of competitive advantage propelled a rising call for the strategic position for the HR..

It is for this reason that this shift can be attributed to the following causes.

- 1. New Generation at Work:** The new generation at the workplace includes the millennials and generation Z and different expectations of the culture of work, engagement, and continued development. Such workers opt for experiences, values and corporate responsibility; this puts pressure on the HR to develop new techniques in order to attract and maintain talent.
- 2. Globalization of Business:** As organizations venture into international management, the role of the human resource department is to familiarize with various places of the world, demographics, and acceptable standards of working conditions. Scalability also needs to be achieved in a coordinated manner with an overarching approach for the IHRM that also factors business strategy and different locations around the world.
- 3. Technological Issues:** The use of technology has brought with it significant changes in how organizations work and how HR could work. These technologies have given HR leeway to make better

decisions about employees, find ways to engage the workforce, and bring out the best in people through talent management. These tools help support a more strategic approach allowing for a better management and connection with overall business goals and objectives by HR.

4. **Note on Culture:** Today’s workplaces express an understanding of the importance of culture as a contributor to organizational performance. HR is therefore a central player in the management of organizational culture, and in the facilitation of values and behavioural changes in support of organizational strategic direction.
5. **Business Agility:** It’s High Time to be Agile and Flexible in Business Processes. HR’s strategic engagement provides organizations with human resources to be ready when changes occur, or crises arise, in the market. With knowledge of competencies that are closer to business performance, HR can strengthen the talent pool in the organization.

Relationship of HRM and Business Development



Strategic HR Alignment: A Critical Component of Organizational Success in Today's Business Landscape

When it comes to the present day business situation, the service that Human Resources (HR) delivers can be shifted from a number of mainly operational and clerical tasks to a new position that is fundamental to business change and partnership. Such a change is a shift in the perception of HR activities, recognising the organisation’s HR not only as a service function, but as a key contributor to organisational effectiveness.

The key to all of this change, therefore, lies in the linkage of human resource practices with overall organisational objectives. Traditionally it was just seen as task and key responsibilities included employee hiring, compensation, and legal issues. Although these functions serve are crucial in any organization they do not of themselves add to organizational strategic management. In today’s world, organizations who

want to be successful consider the human capital to be the most important and thus the work of the HRM should not be limited to clerical work.

Managing strategic alignment means that HR professionals have to be aware of the environment in which the company operates. This means that in order for the HR to be effective in its job it has to participate in the working of other departments and upper management, in an effort to understand the organization's objectives, constraints and advantage. In this way, HR can formulate strategies and program that can improve the workforce productivity while at the same time impacting organizational performance.

There is one element that intervenes between this alignment – HRM talent management. Talent management solutions therefore include the processes of identifying, selecting, developing and maintaining employees. This paper therefore concludes that when the right people are placed in the right jobs, organizations can tap into their optimum human capital. Also, they can coordinate leadership development training that helps the organization mentor future leaders on how to handle organizational problems with the aim of continuing and expanding the business.

Another important part is the formation of positive organizational culture. HR continuously needs to work towards business values that will foster innovation, teamwork and employee satisfaction. When organizational culture matches the personal characteristics of its members, they will perform better leading to improved organizational performance. Of equal importance, it is a requirement to further ensure that HR uses various data collected from the employees and performance indicators in a bid to work on the work environment constantly.

In addition, HR's strategic activity continues to workforce planning in which talent demand is forecast in the future. Thus, through a right connection of the workforce competencies to the business vision and plan, the HR can help the organisation to be ready and positive to the market forces. This foresight ensures that organizations develop coping mechanisms with which to deal with varying demands and fresh opportunities.

Human Capital as a Substitute for Physical Capital

In changing its role as a transactional to a strategic one, HR needs to assess and communicate how Human capital provides differentiation. This necessity is all about linking the strategies of the HRM to the goals of the business organization. Thus, the specifics of organization's objectives and its difficulties allow HR to describe a plan that ensures people strategies' correspondence to overall organizational vision.

When HR possesses the knowledge of the competition, it can ensure its plans for the acquisition and development of the firm's human capital create the desired proficiency levels. For instance, if the management of a given firm set the wheel on innovation as a driver of growth, the HR can coordinate on ideas on how to enhance innovation, teamwork and learning. It not only drives up organizational performance but also strengthens the role of HR to be recognized as more strategic.

Data Driven Decision Making

Fullness data has emerged as an important component for decision-making across all business activities within the firm including HRM. The opportunity to make use of big data alters HR from the reactive role to the anticipated one. Cohort data includes turnover rates, performance levels, and engagement levels which when analyzed by the HR informs decisions to fit organisational goals.

For instance, predictive analytics can be widely used in HR to predict staff demand, identify the shortage of qualified staff, and choose the right approach to recruitment. Applying HR analytics into business

decision making enables target strategic goals to be aligned with human resources that will improve the organization’s productivity. This analytical approach helps in placing HR at the center of business strategy, as a department that delivers enough conclusive performance information and prenatal analysis of performance.

Assembling Engagement Culture

Engagement is a critical factor for organizational performance and HR should appreciate its role of facilitating engagement. One activity that scholars have examined across studies is the level of engagement of employees and how this impacts their work productivity, organization innovation and commitment. Therefore, HR must make it a responsibility to ensure that the organization’s culture is one that admits effective communication, rewards, and encourages meaningful work.

In a strategic role, HR can use, for example, employee engagement surveys, offer focus groups, and learn about things that employees consider important, but which can be overlooked by management. Thus, responding to the latter feedback and raising the issue of a positive organizational culture, HR can create a climate in which people would work. This increases participation rates and also increases workforce quality that has another positive impact on an organisation’s competitive advantage.

Developed Skills for HR Leaders



Exceptional HR Leadership Qualities

Over the last two decades, the HR function once reduced to a functional transaction processing area has emerged as a strategic business partner. This change is evidence of greater appreciation of the roles that HR plays in organizations apart from simple activities such as recruitment and remuneration of employees, besides meeting legal requirements. For these changes to be embraced, institutionalized and realized by the HR function, the HR leaders should acquire certain skills of competitive advantage that improves their contribution to the company as well as brings the HR practices in line with the business strategy.

It is also important that the HR leaders to be strategic thinkers. This entails identifying with the organizational vision, mission and strategy and is involved in creating Human Resource management company strategies that will meet these objectives. In this light, the strategic thinkers in the field of HR can easily pinpoint the deficiencies that may hinder the success of organizations and develop ways and means through which necessary actions to rectify these deficiencies having recourse to recruitment, training and development schedules.

However, the most important skill has emerged as operational, specifically, data-focused decision making in the last few years for HR leaders. Amidst the current paradigm that emphasizes use of data in decision processes, human resource managers can only convert strategies by use of data. This is done not only in terms of performance and employee engagement data, but also by considering the application of predictive analytics to estimate future workforce requirements. Generally, by applying data wisely, HR can offer the insights that can help to advance the organization.

Another is important competency that leaders must possess is change management. With today's economic environment beset by ever increasing challenges, HR leaders are now pressed to lead their personnel and organizations through change. This shall entail relevant communication skills, interpersonal skills, assertiveness, and the setting up of positive coping approach towards the test. Change management is an efficient way of ensuring that employees are involved and willing to accept changes this makes the implementation easier.

Moreover, HR leaders must embrace leadership and influence. As strategic business partners, they need to build credibility and trust among their peers in the leadership team. This involves not only being a champion of HR initiatives but also understanding the broader business landscape and contributing to discussions at the executive level. Effective HR leaders can advocate for employees while simultaneously aligning with the company's overall strategy.

Business Acumen

For the development of a sound strategic partnership within organisations, business savvy is indispensable to HR professionals. HR needs to be able to quantify and make financial sense to be able to engage in meaningful business discussions on financial factors, industry drivers and competitors. HR leaders need to be fluent in the business language—understand the organization's goals and strategies, and be in a position to translate how people management agendas create value.

Business savvy helps the HR professional by allowing him/her to make sound decisions and recommend solutions with the potential to be well received by management. For instance, a highly strategic minded HR person might recommend for leadership development initiatives that support existing business strategy and direction to make sure that the appropriate leadership is available to steer the company in the right direction.

Change Management

Transitions remain as the nature of the current global landscape and business, therefore, must transitions in a manner that much be effective. The last organization component is to transition and align organizations' employees through changes with organizational strategic directions; this duty is performed by HR. Building change management competencies helps HR to participate in, respond to, and contribute to changes in the organization and manage the resistance to change as well as promote organizational culture for change.

Common aspects of change management are, explaining why changes are necessary, helping the employees, and evaluating the effectiveness of the change programs. It is to the advantage of organizations to have HR professionals capable of exercising these invaluable skills to become catalysts of change to the system.

Leadership and Relationship Building

There is nothing as important as leadership in any change process that may be in a lifetime. It means that HR has to both develop its own leadership capacity as well as develop leadership capacity of the organisation. Executives, line managers, and employees are amongst the most important stakeholders and identifying and building effective HR relationships with such stakeholders is one of the foundations of HR strategic planning.

To ensure that their activities are recognised as a strategic part of the organisation, the HR professionals have to champion its activities, gain recognition and integrate with other components of the business. Mentoring activities and leadership development can also be part of HR strategic role in offering the organization good leadership succession.

Management and Technology in Transformation



The role of technology in business transformations

The management of People or Human Resource (HR) has been transformed greatly in the last two decades from what could be termed as tacting profession to a strategic profession. This picture not only represents the buyer model, where HR's role extends from mere recruitment and remuneration to organizational culture management and legal compliance to ensuring the vision and mission of an organization in the workforce but also in the strategic congruency and performance of people in the organization. One of the main reasons for this change is technology that affected several HR processes and allowed departments to operate effectively and strategically.

Leveraging on technological enhancements in data analytical cultures and artificial intelligence has enhanced and fortified HR capacity to enable organizational performance. With the help of advanced data technologies, the identification of key factors that define the employees' productivity and turnover rates, organization's performance and its employees' satisfaction levels is possible. By using this method, the HR can have big leverage in making the right decisions, key development processes, and explaining why organizational development processes should require attention, which helps make the organization as dynamic as possible in the changing market.

In addition, technology helps to seek for improved and more effective communication with other workers as well as support teamwork and openness. Most of the platforms like Slack, Microsoft Teams and various channels related to project management make it quite easy for the teams to work together and that can be working remotely as well. This makes a lot of sense because apart from achieving operational efficiency of services and products within the company, it encourages feelings of inclusiveness hence boosting high morale and productivity from the employees.

However, some difficulties exist even nowadays. This means organizations have to be very careful when introducing technology in order not to dismantle human interaction. It also demonstrates that contrary to increasing amounts of data analysis and greater sophistication of algorithms, HR value is in its ability to assess and meet the needs and wants of workers. Therefore, although technology supports the continual diversification of HR's strategic focus, it should not replace human aspects of human resources.

HR Technology Solutions

The adoption of technology in the HR activities is the trigger for moving from operational to strategic HRM. New technologies you have come across, as an example, Human Resource Information Systems (HRIS), Applicant Tracking Systems (ATS), and Performance Management Software help to reduce the amount of time spent on repetitive tasks. This way the tasks are mechanized, freeing up the time of the HR to focus on value addition processes that are organizational growth impendent.

Also, cloud based solutions for HR increase the accessibility of data and help HR specialists make efficient decisions based on the recent information. Accessibility of new technology also enables virtual recruiting and onboarding activities, so organizations can build a large pool of potential candidates irrespective of location.

Data Analytics and Talent Management

As previously mentioned, data analytics can transform HR decision-making. By employing predictive analytics and data visualization tools, HR can unearth insights about employee performance, engagement, and workforce demographics. This information can be invaluable in tailoring talent management strategies that align with organizational goals.

For example, in the case of HR, it is possible to define potentially successful employees and build individual learning processes that contribute to leadership. In addition, data analytics can also help to forecast turnover and find out the possible solutions to Retention, which enable organizations to evade workforce issues. An evidence-based approach raises HR from administrative leaders to strategic advisers based on factual proposals containing practical change.

Conclusion

This transformation process from a transactional to a transformational HR is critical so that organizations

can achieve their strategic goals in the current business environment. In this paper, adopting a strategic partnership model for HR means that human capital can be aligned with business objectives, decisions can be supported by adequate quantitative data, and engagement can be encouraged to promote innovation and high performance.

This change demands that HR professional should enhance their business literacy, project management competencies, and leadership skills in order to manage the new dynamics of the work place. This paper has thus shown how as HR repositions its self, the contribution towards the organisational success will be deeper, thus affirming the HR as a strategic player to organisational goals.

In conclusion it has been established that as organizations are presented with new challenges and opportunities in the future, the HR has to be strategic. In this way, the HR becomes a strategic partner which helps to manage the organizational performance and guarantee that the staff corresponds to the vision of the business. This is not just a change of position; it is a pledge to transform the fundamental design of organizations through the system.

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