

## HR AS A STRATEGIC PARTNER: A STUDY IN IT COMPANIES IN BANGALORE

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### Abstract

*Rapidly changing business environment and the increasing complexity of modern organizations is leading organizations to face challenges in many areas, and one such area is role of human resource whose transition is inevitable. Articles, books, and studies argue that Human resource [HR] needs to become strategic partner as HR executives historically have not been strategic partners. The last ten years have seen an increasing call for HR to take on a role of a strategic partner where HR is a member of the senior management team and is directly involved in the major business decisions. This paper discusses about what role is HR playing in the organizations today, the major role of HR as a strategic partner and also addresses the connection between HR information systems and strategic partnering. HR people who were in a managerial level or above position with corporate-wide visibility to the HR function responded for the study. The scope of the study has been limited to managers from the IT companies in Bangalore. The organizations from which the managers responded spanned the private sector and multinational companies. The results show that, HR to become a strategic partner should be concentrating towards organization planning, design & development arenas and even HRIS partly can aid HR in becoming a strategic partner.*

### Introduction

Some industry commentators call the Human Resources function the last bastion of bureaucracy. Traditionally, the role of the Human Resource professional in many organizations has been to serve as the systematizing, policing arm of executive management.

Organizations, in the past, used to look only at the sales, marketing and R&D functions to foster the growth of the company. But today, they are also looking at HR for the same. Today's business environment is highly competitive and challenging. Perhaps the most important of these changes is the rapid deployment of information technology and the increasing amount of

knowledge work that organizations do. And also one more reason is the rapidly changing business environment and the increasing complexity of modern organizations.

Organizations are undergoing dynamic changes with serious implications with a question - How human resources can be managed? Any function or a business process, which cannot add value to the business, will not be acceptable to the business leaders. Thus, HR needs to develop expertise, and assist in adding value to the organization’s long-term objectives. It is expected to develop programmes that help attract and retain talent, deliver compensation programmes that capture meritocracy and retain cost competitiveness.

## **Review of Literature**

### **HR as a Strategic Partner - The Changing Role**

If you walk-into any HR conference you always to get to hear some common statements like ‘HR should move to board room’, ‘HR should be a strategic partner in company’s growth’, ‘HR should become a business leader’ etc, but why and how? All these imply that there is a need for change. HR of today cannot stay away from the changing roles, they are directly responsible for both the top and bottom line thus making them organization strategist and not mere people strategist. (Mohit Gupta 2012)

HR as function could make substantial impact on the business, with its optimal positioning HR can synthesis and create a ‘Balance Scorecard’, going by Kaplan & Norton’s Balanced Scorecard design process that includes:

- Translating the vision into operational goals.
- Communicating the vision and link it to individual performance.
- Business planning; index setting.
- Feedback and learning, and adjusting the strategy accordingly.

The HR function has undergone a tremendous change over time. Until mid 90’s, large organizations looked at the HR department, mostly to manage the paperwork around hiring and paying employees.

Over the recent years, organizations have started considering the HR function as a more strategic role in optimizing performance through adequate staffing, training and talent management. Hence, the new role of the HR is to add value to employees through various initiatives and retain them by creating interesting engagement programmes and growth related initiatives. This discussion provokes us to study, what is the major role HR as a strategic partner is playing.

The role of the HR manager must parallel the needs of his or her changing organization. Successful organizations are becoming more adaptive, resilient, quick to change direction and customer-centered. Within this environment, the HR professional becomes a strategic partner. Many HR functions have begun to play a strategic role in guiding succession management, knowledge retention, and other enterprise-wide initiatives. It acts as a backbone providing manpower, infrastructure, training (internal/external), etc.

“Increased competition, changing workforce demographics, and a shift towards knowledge-based work require organizations to place an increasingly high focus on improving the workforce strategy and new business models,” added Pari Sadasivan, VP-HR, IBM India. She revealed that organizations are looking at HR to go beyond the delivery of cost-effective transactional services, and provide value added services and expertise on how to anticipate, develop and leverage talent to create true marketplace differentiation.

HR is now more customers focused, team-based, and functionally integrated. “HR professionals work with the management to analyze and devise solutions for organizational problems. They are involved in strategic planning and aligning HR with the organization’s mission and strategic goals,” believed Vivek Punekar, VP-HR, HCL Infosystems.

Abhay Valsangkar, Senior Director, HR, Symantec stated, “HR plays a significant role in creating the right opportunity for the appropriate talent. It has taken centre stage as they are now the key drivers for talent management and creators of value for their company.” HR has thus

become a top priority for all businesses today. The whole discussion leads to understanding what role is HR playing in the organizations today.

HR is not only dealing with people but adding value in the planning stage through its understanding of people. It is the backbone to build a culture that is helpful to change, trying to implant some dynamism into the organization. It is also acting as a bridge to integrate initiatives, watching key processes—such as new hire orientation, training, and even compensation systems. These processes help support both the present and the desired culture. Today, along with competitive salaries, employees look for value addition at their work place in terms of learning opportunities, global exposure and a clear career path.

Every organization, be it small or large, has a vision and employees have the task of meeting the goals of the company in line with the vision. This makes HR an indispensable part of the decision-making process in the organization. In today’s organizations, to guarantee their viability and ability to contribute, HR managers need to think of themselves as strategic partners.

### **The Study Discusses the Following Issues**

- To understand the role of HR in organizations today.
- Whether HR is becoming more of a strategic partner.
- Is there a change in HR Focus on Various Functional Activities

### **Research Methodology**

Questionnaires were mailed to employees of medium and large companies who are into Human resource functions. The surveys were filled out by HR people who were in a higher managerial level or above position with corporate-wide visibility to the HR function. The scope of the study has been limited to managers from some companies in Bangalore. Sample taken for the study was from the organizations from which the managers responded spanned from private sector and multinational companies. A sample of 25 was taken for the study with the positions holding the job level above managerial level from medium organizations were

number of employees was between 1000 to 5000 and from large organizations with employees equal to or more than 5001.

## Analysis & Discussion

### 1. Human Resources’ Role In Business Strategy of Your Organization

**Table 1- Human Resources’ Role in Business Strategy**

HR Roles	% Responding
No Role	12
Implementation Role [ Putting strategies into Action ]	24
Input Role [Advice regarding the strategies]	28
Full Partner in Development & Implementation [Planning, designing, developing & implementing the strategies]	36

The results show that HR today is merely not only playing a role of implementer but also a full partner in planning, designing, developing & implementing the business strategies. These shows gone are the days when HR was only considered as an administrator but today HR plays a very important role in decision making which effect business growth.

### 2. Is HR’s Strategic Partner Role Increasing?

**Table 2: Most time spent on different HR roles**

Human Resources Roles	Rate from 1 to 5 [1: Least , 5: Maximum]
Maintaining Records: Collect, track, and maintain data on employees	5
Auditing/Controlling: Ensure compliance to internal operations, regulations, and legal and union requirements	4
Human Resources Service Provider: Assist with implementation and administration of HR practices	5
Development of Human Resources Systems and Practices: Develop new HR systems and practices	5
Strategic Business Partner: Member of the management team. Involved with strategic HR planning, organizational design, and strategic change	6

To be a strategic partner, the HR employees are not only expected to deliver services, maintaining records and auditing. It also needs to be a part of the management, doing strategic HR activities planning, and contribution to organization design, strategy design, development,

and Implement. Table 2, shows that the immense amount of attention is being paid towards HR changing its role, HR in the role of strategic business partnering simply is reflected in this table.

### 3. HR as a Strategic Partner

**Tables 3 - Factors are associated with HR being a strategic partner.**

Strategic activities	% Responding
HR helps the organization accomplish business goals	24
HR participates in the process of defining business strategies	20
HR makes sure that HR strategies are aligned with business strategy	20
HR effectiveness is measured by its ability to help make strategy happen	12
HR spends time on business planning.	24

In this question, it has been tried to measure the involvement of HR as a strategic partner in different activities of business strategies that are in Table 3. The results shows that HR is quite involved in planning & accomplishment of business goals.

### Changes in HR Focus on Various Functional Activities

**Table 4- Changes in HR Focus on Various Functional Activities**

HR Functions	% Responding		
	1: Greatly Decreased	2: Stayed the Same	3: Greatly Increased
Designing & Planning, Organizational Development: HR Planning, Organizational Development, Organizational Design, Strategic Planning	28	24	48
Compensation & Benefits	24	36	40
Legal & Regulatory : Employee Record Keeping, Legal Affairs, Affirmative Action, Employee Assistance	44	28	28
Employee Development: Employee Training, Management Development, Career planning, Performance Appraisal, Competency Assessment	24	28	48
Recruitment & Selection	20	36	44
Hr Information Systems	24	28	48
Union Relations	52	28	20

Table 4 reports the results from a question that addresses whether the focus of HR in various functional activities has increased or decreased. The group of activities which received the most attention was planning, organization design, and organization development. Similarly, the

attention to employee development activities, and especially to career planning and management development, has increased significantly. There has been some increase in the focus on some of the more traditional HR functional activities such as recruitment, selection, compensation and benefits. The evidence is clear that being a full strategic partner involves being increasingly active in the organization planning, design, development and also employee development activities.

### **Conclusion**

In conclusion HR as strategic partner is gaining momentum as being one of the best way yet in making human resources as the most important asset in an organization. "Being a strategic partner" is understood as a long-term relationship to achieve defined objectives common to all partners. In the context of strategic human resource management, the HR function and activities are intended to ensure the organization's financial success.

Industry consultants and those in the halls of academia, and HR leaders themselves have been instrumental in crafting a new role for HR – that of a strategic business partner, the role, where they contribute to the company's ongoing success. The results show that the greatest benefits occur when HR is a strategic business partner that fully participates in both the development and implementation of strategy.

The results also show that there has been increase in HR playing a role of Strategic Business Partner: Member of the management team- Involved with strategic HR planning, organizational design, and strategic change in the actual practices in the HR organization and in the way in which HR spends its time. The need of the hour is that HR cannot stay back; it has to change itself and play a dual role in business today.



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