

FROM ADMINISTRATIVE TO STRATEGIC: HOW HR CAN BECOME A TRUE BUSINESS PARTNER

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Abstract

The evolution of the Human Resources function from an administrative to a strategic partner is critical for organizational success in the modern business landscape. Despite its recognized importance, a persistent gap exists between this strategic aspiration and the operational reality in many organizations, where HR remains focused on transactional tasks. This study aims to identify the key competencies, structural changes, and business acumen required for HR to transition into a genuine strategic business partner. Utilizing a qualitative multiple-case study methodology, data was collected through semi-structured interviews with senior HR leaders and C-suite executives across four multinational corporations. The results reveal that strategic HR partnership is predicated on three pillars: the mastery of data analytics for talent insights, the cultivation of deep business literacy, and a formalized seat at the strategic planning table. The discussion argues that this transition necessitates a fundamental redesign of HR roles and metrics, shifting from cost-centre efficiency to value creation and business impact. In conclusion, for HR to become a true business partner, it must transcend its administrative heritage by aligning talent strategy directly with core business objectives, thereby contributing to competitive advantage. This transformation is not merely functional but a strategic imperative for organizational resilience.

Keywords: *Strategic Human Resource Management, HR Business Partner, Strategic Partnership, Business Acumen, HR Transformation*

INTRODUCTION

The role of the Human Resources department has undergone significant transformation over the past half-century. Historically, HR, often termed "Personnel," was primarily an administrative function responsible for payroll, employee records, and regulatory compliance (Imperatori et al., 2020). Its position within the organizational hierarchy was typically supportive and reactive, operating in silos separate from core business operations and strategic deliberations. This legacy has created a deep-seated perception of HR as a cost centre rather than a value-adding entity (SUNGIDA, 2024). The late 20th century saw the emergence of the "Strategic Human Resource Management" paradigm, championed by scholars like Dave Ulrich. This model proposed that people and talent strategies should be inextricably linked to business outcomes (Kostenko, 2021). Ulrich's introduction of the HR Business Partner model specifically envisioned HR professionals working alongside business leaders to craft and execute strategy through people. This theoretical shift promised to elevate HR's influence, positioning it as a key player in driving organizational performance and navigating complex market challenges (Ajitha, 2024).

Despite this influential theoretical framework, the journey towards strategic integration has been inconsistent across industries. The evolving business environment, characterized by rapid technological change, globalization, and the rise of knowledge-based economies, has further intensified the need for effective talent management (Donnelly & Johns, 2021). Organizations now compete heavily on human capital, making the strategic management of talent a potential source of sustainable competitive advantage, thereby setting the stage for HR's critical reinvention (Delany, 2022). While the strategic partnership model is widely advocated, a significant implementation gap persists in many organizations. A substantial portion of HR's resources and time continues to be consumed by routine administrative tasks and transactional activities, such as processing benefits, managing basic employee relations, and ensuring compliance (Donnelly & Johns, 2021). This operational burden prevents HR professionals from engaging in the high-level, forward-thinking work required for strategic partnership, perpetuating a cycle of

administrative captivity. Consequently, this gap leads to a critical problem: the underutilization of HR's potential in contributing to key business objectives. When HR is not fully integrated into strategic planning, talent initiatives may be misaligned with business needs, and opportunities to leverage human capital for innovation, market expansion, and risk mitigation are lost (Delany, 2022). This disconnect not only diminishes HR's credibility and strategic influence but also represents a tangible business risk, as organizations fail to optimally manage their most asset—their people (Arunprasad et al., 2022). The primary objective of this study is to investigate the specific pathways through which the Human Resources function can successfully transition from an administrative entity to a true strategic business partner. It seeks to move beyond prescriptive models to identify the actionable competencies, organizational conditions, and relational dynamics that enable this transformation, providing a concrete framework for practitioners and leaders.

LITERATURE REVIEW

The Evolution of the HR Function

The historical development of HR reveals its roots in the administrative and welfare-oriented practices of the early industrial era. The personnel management approach focused primarily on efficiency, legal compliance, and maintaining harmonious labour relations. This paradigm emphasized control and standardization of workforce processes, with success measured by transactional accuracy and cost containment (Donnelly & Johns, 2021). A significant theoretical shift occurred with the advent of Strategic Human Resource Management, which argued that HR policies should be aligned with business strategy to improve performance. This perspective posited that HR must contribute to the achievement of organizational goals, moving beyond a singular focus on employee welfare or administrative efficiency. It framed employees as strategic assets rather than variable costs (Arunprasad et al., 2022). The introduction of Dave Ulrich's HR model in the 1990s provided a dominant framework for this evolution, dividing HR into four key roles: strategic partner, administrative expert, employee champion, and change agent. This model explicitly called for HR professionals to share responsibility for business results, thereby formally establishing the ambition for HR to operate at a strategic level (Donnelly & Johns, 2021).

Defining the Strategic HR Business Partner

The strategic HR Business Partner is defined as a professional who works collaboratively with business leaders to develop and implement plans that achieve organizational objectives through people. This role requires a shift from executing standardized programs to consulting on business-specific talent challenges and co-creating solutions. The partner acts as a strategic consultant embedded within the business unit (Poba-Nzaou et al., 2020). Core competencies for this role extend beyond traditional HR knowledge. Literature consistently highlights the necessity of business acumen—the ability to understand the organization's financial, operational, and competitive context. Furthermore, skills in data analytics and interpretation are crucial for providing evidence-based insights that guide decision-making (Westerman, 2021). However, the role is fraught with inherent tensions, notably the dual allegiance to the HR function and the business unit leadership. The partner must balance this matrix relationship while also navigating the potential conflict between being an employee advocate and a driver of business performance, a challenge that requires high levels of political savvy and influence.

Barriers to Strategic Partnership

A primary barrier is the persistent "administrative burden," where HR departments remain mired in day-to-day operational tasks. Legacy systems, high volumes of transactional work, and underinvestment in HR technology often consume resources that could be directed toward strategic activities, trapping the function in a reactive cycle (Cayrat & Boxall, 2023). Organizational perception and credibility present another significant hurdle. When line managers and senior executives view HR solely as a compliance or service function, they are unlikely to seek its input on strategic matters. This perception is often rooted in historical interactions and a lack of demonstrated business knowledge from HR practitioners (Poba-Nzaou et al., 2020). Structural misalignment within the HR function itself can also impede progress. When the HR Business Partner role is not clearly differentiated from specialist or administrative roles, or when HR metrics continue to focus solely on efficiency (e.g., time-to-fill, cost-per-hire) rather than impact (e.g., quality of hire, leadership pipeline strength), the transition to a strategic focus remains incomplete (Donnelly & Johns, 2021).

Enablers of Successful Transformation

A critical enabler is the demonstrated mastery of business and financial literacy by HR leaders. This allows them to communicate in the language of business, link talent initiatives to key performance indicators, and quantify the return on investment of HR programs, thereby building credibility with financial and operational leaders (Azam,

2023). Strategic repositioning and structural redesign of the HR function are also vital. This often involves creating shared services centers to handle transactional work efficiently, freeing up Business Partners for strategic work. It also requires granting HR a formal seat at the strategic planning table, ensuring participation in key meetings where business direction is set (Poba-Nzaou et al., 2020). Finally, the development of a robust HR analytics capability serves as a powerful catalyst. By moving from anecdotal evidence to data-driven insights on talent acquisition, retention, productivity, and development, HR can present compelling, objective cases for strategic initiatives, transitioning its influence from opinion-based to evidence-based (Arunprasad et al., 2022)

METHODOLOGY

This research employed a qualitative multiple-case study design to gain an in-depth, contextual understanding of the transition to strategic HR partnership. Four multinational corporations, recognized for their advanced HR practices across different industries, were selected as case studies. Within each organization, data was collected through semi-structured interviews with a purposive sample of ten senior HR Business Partners and five C-suite executives (CEOs and CFOs), providing both HR and business leadership perspectives. The interview data was supplemented with analysis of internal documents, including HR strategy maps, performance metrics, and organizational charts. All interview transcripts and documents were subjected to a rigorous thematic analysis process, involving open coding, axial coding, and the identification of overarching themes related to competencies, barriers, enablers, and perceived business impact. This methodological triangulation enhanced the validity and richness of the findings.

RESULTS AND DISCUSSION

The Primacy of Business Acumen and Data Literacy

A unanimous finding across all cases was the identification of business acumen as the non-negotiable foundation for strategic credibility. HR leaders who could articulate how talent dynamics affected market share, profit margins, and operational bottlenecks were consistently included in strategic dialogues. This competency was more valued than deep expertise in traditional HR specialisms (Poba-Nzaou et al., 2020). Furthermore, the ability to leverage data was a key differentiator. Partners who utilized analytics to predict turnover risks, model the impact of engagement on productivity, or calculate the ROI of leadership development programs were perceived as contributing tangible business intelligence. This shifted conversations from "what HR needs" to "what the business needs" based on evidence (Donnelly & Johns, 2021). These results underscore and extend the literature, confirming that business and data literacy are not complementary skills but core professional requirements for the modern HR strategist (Al-Twal et al., 2024). The discussion suggests that HR education and professional development must be radically overhauled to prioritize these competencies alongside traditional HR knowledge.

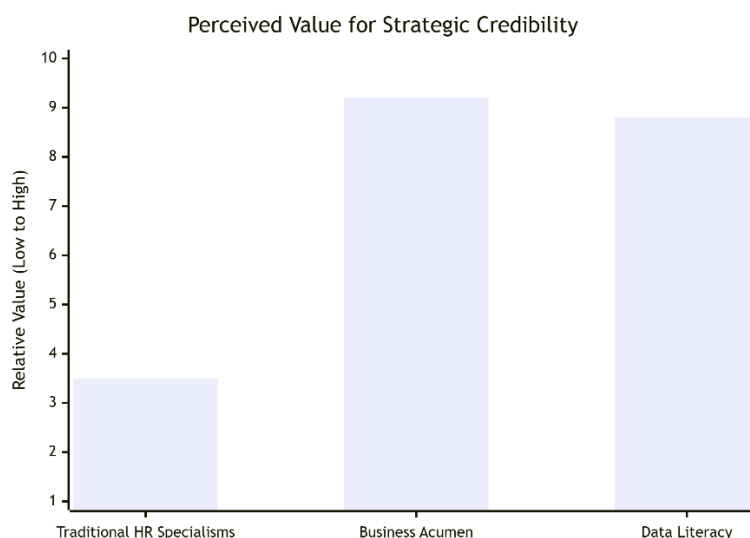


Figure 1. Strategic HR: The New Competency Hierarchy

The bar chart as shown in Figure 1 starkly visualizes the paradigm shift required for HR to gain strategic credibility, revealing that traditional expertise is no longer the primary currency of influence. It clearly demonstrates

that business acumen is the most valued competency, serving as the non-negotiable foundation for translating talent dynamics into the language of profit margins and market share. Furthermore, data literacy is shown to be a critical differentiator of nearly equal high value, essential for providing evidence-based intelligence. The low relative value of traditional HR specialisms alone underscores the study's core argument: mastery of compliance and process is insufficient for a strategic partnership, and HR's professional development must be radically reweighted toward business and analytical competencies to secure a seat at the strategic table.

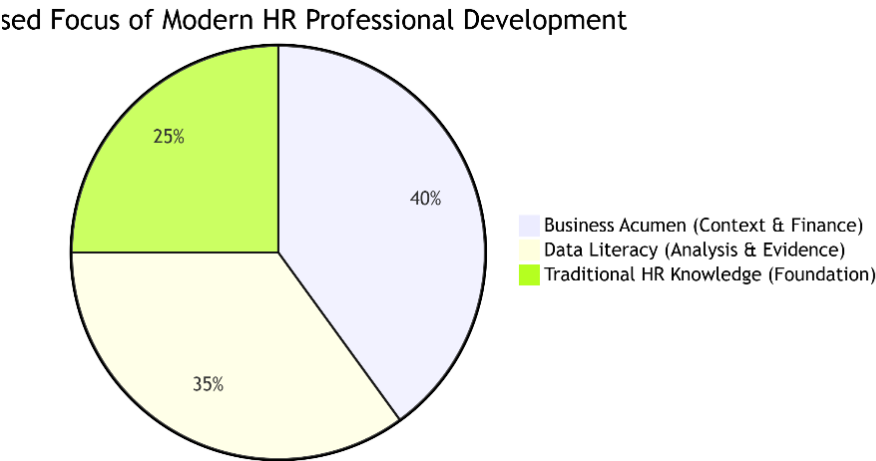


Figure 2. Required Evolution of HR Professional Development

The proposed pie chart for HR professional development compellingly illustrates the radical curricular overhaul necessary to forge true strategic partners. It starkly reallocates focus, suggesting that a combined 75% of development must be dedicated to Business Acumen and Data Literacy, reconstructing these not as complementary skills but as core professional requirements. This allocation reflects the study's finding that understanding financial context and generating evidence-based insights are the primary drivers of credibility and strategic contribution. Consequently, Traditional HR Knowledge, while remaining a necessary foundational component at 25%, is decisively repositioned as a baseline rather than the central pillar of HR expertise, signaling a fundamental shift from administrative specialist to integrated business strategist.

Structural Separation of Operational and Strategic Work

All four case studies had explicitly restructured their HR functions to separate transactional and strategic work. Each organization had established a centralized HR shared services center to manage administrative inquiries, benefits, and basic transactions. This structural change was cited as the single most important factor in freeing up Business Partner capacity (Sushma & Sarala, 2024). The Business Partners in these structures were physically and organizationally embedded within business units, reporting directly to business leaders with a dotted line to HR. Their key performance indicators were jointly set by the business leader and the HR head, focusing on business outcomes like time-to-competency for new hires and leadership bench strength (Poba-Nzaou et al., 2020). This finding strongly supports the theoretical models proposed by Ulrich but highlights a critical implementation detail: the separation must be complete and supported by technology. The discussion indicates that without this clear operational divorce, strategic aspirations are inevitably undermined by daily administrative demands (Donnelly & Johns, 2021).

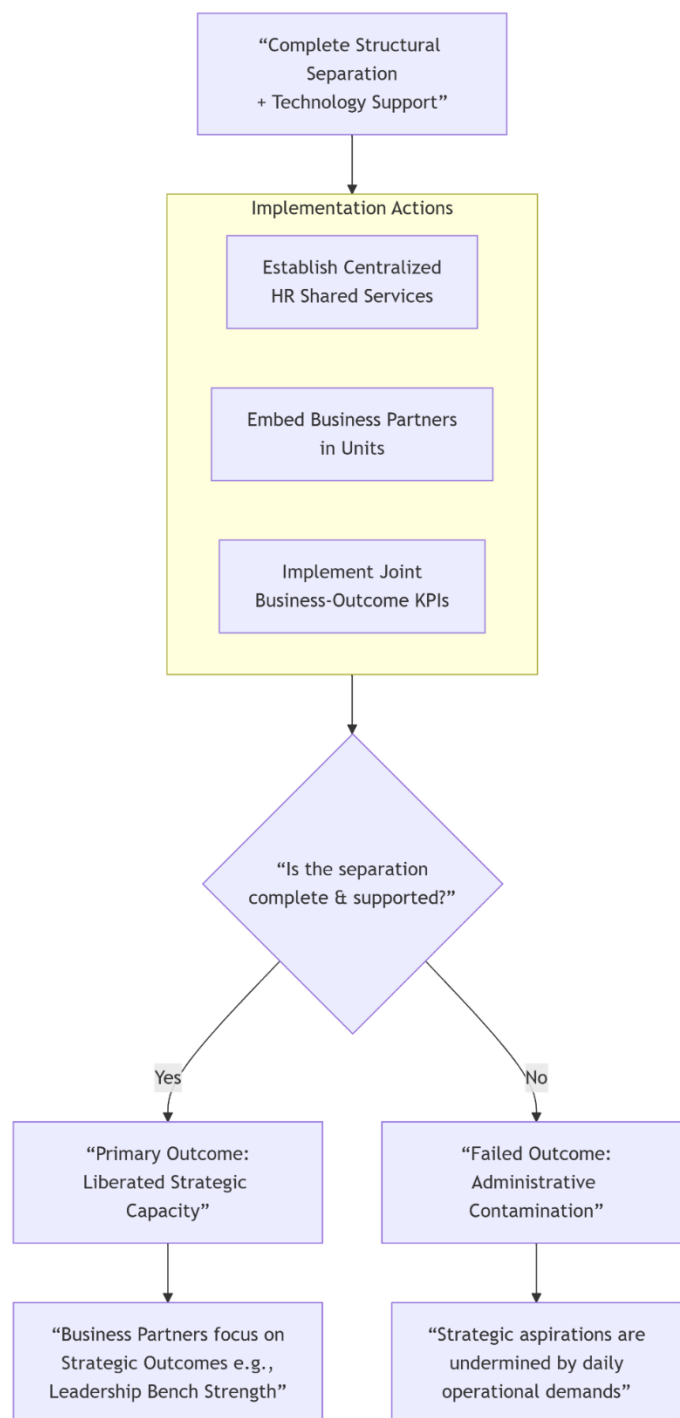


Figure 3. Impact of Structural Separation on Strategic Capacity

The flowchart as shown in Figure 3 effectively illustrates that the separation of HR work is a binary success factor contingent on full implementation. It posits that only a complete structural and technological division between transactional services and embedded business partners creates the necessary condition for liberated strategic capacity, directing focus toward high-impact outcomes like leadership development. Conversely, the graph argues that any partial or unsupported implementation inevitably leads to administrative contamination, a failure state where strategic aspirations are systematically undermined by the persistent gravitational pull of daily operational demands. This visual model underscores the study's critical finding that there is no middle ground—strategic partnership is unattainable without a full "operational divorce."

The Role of Executive Sponsorship and Relational Dynamics

The research revealed that successful transformation was invariably championed by the CEO or another powerful C-suite executive. This sponsorship was crucial for legitimizing HR's new strategic role, mandating their inclusion in planning sessions, and challenging other executives to engage with HR as partners. Without this top-down mandate, efforts remained isolated (Arunprasad et al., 2022). Beyond formal sponsorship, the quality of the dyadic relationship between the HR Business Partner and their business leader was paramount. Trust, built over time through consistent delivery of reliable insights and support, was the currency of influence. These relationships transformed from service-provider/client to peer-level collaboration (Ali et al., 2023). This emphasizes that the transition is not merely a procedural change but a cultural and relational one. The discussion posits that HR professionals must be selected and developed for their influencing and consulting skills as much as for their technical knowledge, as their effectiveness is ultimately relational (Nyathani, 2023).

Measuring and Communicating Strategic Impact

A key result was the shift in metrics used to evaluate HR success in the case organizations. While operational metrics were monitored for efficiency, the primary focus for Business Partners was on impact metrics, such as the correlation between engagement scores and team productivity, the quality of hire as rated by hiring managers, and the readiness of succession candidates for key roles (Bersha & Sheeba, 2025). These impact metrics were integrated into regular business performance reviews, not separate HR reports. This integration forced a continuous dialogue about talent in the context of business results and allowed HR to demonstrate its contribution in terms understood by the entire leadership team (Jangid, 2024). This finding challenges the traditional HR scorecard approach. The discussion suggests that the most effective measurement is not a separate HR dashboard but the incorporation of people analytics into the business's own performance management system, thereby making HR's strategic impact visible and inseparable from overall success.

CONCLUSION

This study concludes that the transformation of HR into a true strategic business partner is a multifaceted process requiring deliberate action across several domains. It is not achieved through rhetoric or incremental change but through a fundamental reconceptualization of the function's purpose, structure, and capabilities. The essential pillars of this transformation are the cultivation of business and data literacy, a structural redesign that liberates strategic capacity, and the cultivation of executive-level relationships built on trust and demonstrated value. The implications for practice are significant. HR leaders must advocate for and execute a clear separation of operational and strategic work, investing in shared services and technology. Concurrently, they must aggressively develop the business and analytical competencies of their teams. For business leaders, the imperative is to actively invite HR into the strategic process, demand evidence-based talent insights, and collaborate in setting outcome-focused goals for the HR function. Ultimately, when HR successfully makes this transition, it ceases to be a support function and becomes a core driver of competitive advantage. By ensuring that the organization's human capital strategy is fully aligned with and actively enables business objectives, the HR function fulfills its potential as a genuine architect of sustainable organizational success.

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