

## **Strategic vs Transactional HR**

### **Is Your HR Function Really Supporting Your Business?**

The business environment is undergoing some massive changes these days. Technology is again moving forward in incomprehensible leaps. The unemployment rate is the lowest it's been in ages. Companies are getting creative as never before in order to stay ahead of the competition. Innovation is the definition of our time.

When you look at your HR function, is it changing? Being innovative? Getting creative in its search for talent?

Or is it struggling to catch up? Hiding behind tried-and-true methodology? Continuing to push rigid ideas?

There are two kinds of HR functions – Transactional HR and Strategic HR. They are very different and both are necessary for your business to succeed. Having only one or the other is like hiring an employee with only half the skills to do the job. It only ends up costing your business time and money.

### **Transactional HR**

Transactional HR deals with all of the traditional things that most people think of when we refer to Human Resources:

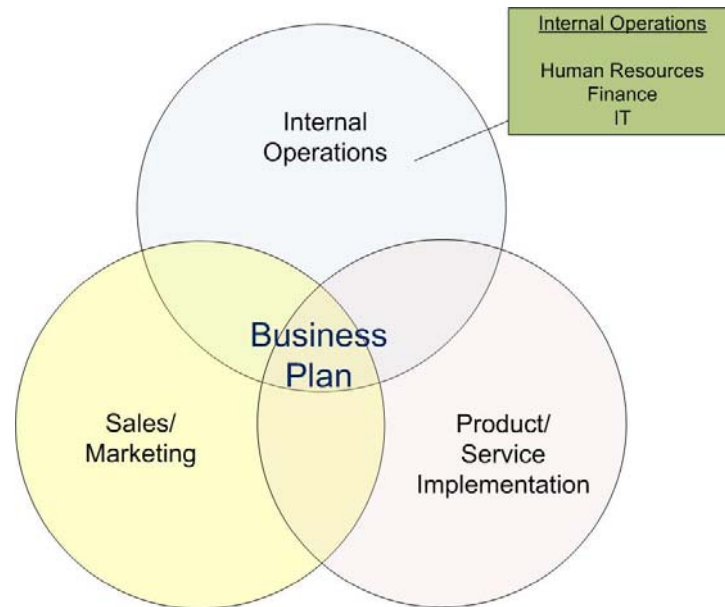
- Policies and procedures
- Compliance and legal issues
- Employee benefits
- Recruitment

The life of a transactional HR professional is filled with forms, lines of employees outside their office, and a lot of stress. Processes are largely reactive rather than proactive.

### **Strategic HR**

Strategic HR, on the other hand, is always proactive. It is intimately familiar with the company's business and the business environment. It has a seat in all of the meetings pertaining to business planning and objectives.

The role of the strategic HR professional is to ensure that the HR function is prepared to support the objectives of the business. If the business needs to grow, move into a new area, revamp its customer service or image, Strategic HR is there to help. It provides workforce plans to support growth, skills assessments and recruiting methods to raise employee skillsets, and develops incentives to motivate employees to follow the company vision.



Human Resources is an integral part of the internal operations of your company. When partnered with Finance and IT, the resulting group touches every part of the day-to-day business. When that group is focused on meeting business objectives, as opposed to isolated department objectives, it can bring about large changes very quickly.

Transactional HR will always be part of Human Resources. It is necessary and not going away any time soon. However, it must be streamlined, and sometimes outsourced, to make way for the additional scope that HR must provide.

For your HR function to meet the needs of the future, it must participate in the following areas:

- Understanding your company's industry
- Understanding your company's business
- Helping to set business objectives
- Developing HR initiatives that serve company objectives

Every business objective your company has will be met (or not) by the human beings who work with you. Requiring that HR be part of the business planning, and requiring that it have business-related goals, will put your company in a strong position for future success.