

# 3 Ways to Shift the Perception of HR From Administrative to Strategic

HR Executive | Jennie Yang | September 27, 2023

From recruitment and hiring to mediating issues among co-workers, HR's work is often seen as an administrative function within an organization. Case in point: A recent study by Sapient Insights found that only 46% of business leaders see their organization's HR function as strategic. That's compared to 67% who view the finance role as strategic and 60% who consider the supply chain role as such.

It's time to change this perception. To do so, HR leaders must demonstrate how critical it is to an organization's success to align HR strategy and business strategy closely. That requires showing tangible impact, which starts with a diagnosis, or a baseline: What are the areas related to people that represent the most significant opportunities or challenges for the business?

Once you've pinpointed those, organize the work of HR in a deliberate direction against a handful of specific objectives. This very focused approach to what matters most to the business is what defines strategic HR.

From there, HR and people leaders can show the bottom-line business value the department creates by organizing its work around outcomes. There are three that matter the most to the C-suite: maximizing employee performance, improving employee engagement and decreasing regrettable turnover. By delivering against these three outcomes, HR leaders can show how investment in their operations contributes broadly to the success of the business. And it adds credibility to the claim that HR is a strategic profit center, not an administrative cost center.

Let's take a closer look at each outcome.

## **Maximizing employee performance**

It's straightforward: Employees impact a company's bottom line. When they perform well, the company does well. When they don't, output and morale take a hit—among other things. Because of this, HR leaders need to support managers to maximize employee performance and ensure employees are meeting or exceeding job expectations.

One way to maximize employee performance is by tracking goals. These goals bring employees clarity, focus and alignment, making them more likely to achieve them.

Once goals are established, they can give HR leaders a measure of how employees are either progressing or regressing over time. Goals also motivate employees to focus their attention and time on reaching a specific objective, allowing them to do their best work and help the organization thrive.

Performance reviews are another method for maximizing employee performance. But what's important here is that these don't follow the age-old annual model. For performance reviews to be effective, they should take place multiple times a year.

Conducting ongoing review cycles will help HR leaders gain deeper insights into their team and keep a finger on the pulse of each employee's progress and sentiment. They also help address any challenges that arise in real time.

### **Improving employee engagement**

Employee engagement has come to the forefront of workplace conversations over the last few years, with trends like quiet quitting, loud quitting and rage applying dominating headlines. This was especially the case during the pandemic, when so much work shifted to being remote and workers started to feel disconnected and disengaged, ushering in "The Great Resignation."

We've since turned the corner and are now in the "The Big Stay" phase where fewer workers are quitting, resulting in fewer job openings. This once again puts the need for employee engagement strategies in the spotlight, requiring HR teams to rethink the employee experience to avoid a future wave of exits.

Understanding why employees are disengaged or disconnected starts with talking to them and listening. The HR strategy can involve engagement surveys—anonously or not—to gather employee feedback and gauge their engagement levels. This enables employees to communicate their roadblocks and openly voice their opinions.

Another option is pulse surveys—shorter, more frequent surveys designed to gather real-time feedback on employee engagement.

The key from there is to turn those engagement insights into actions that produce outcomes. Simply taking the poll and reading the results is not enough. HR leaders can start by conversing with employees closest to the issues for more qualitative data to inform their strategy. This allows them to provide employees with precisely what they need to thrive at work instead of guessing what needs to change.

Actively listening, responding to feedback and taking action demonstrates to employees that what they say matters, creating genuine and sustainable change that can lead to a more engaged workforce.

### **Decreasing regrettable turnover**

People are a company's most valuable asset, especially high-performing employees. When a high performer leaves, there can be a ripple effect, from losing institutional knowledge to lowered morale among the person's team and beyond. Decreasing regrettable turnover is essential.

Companies should qualify and quantify what counts as a significant setback to proactively reduce the chances of losing their highest-value employees. The HR team can assess whether an employee's departure will significantly impact the organization by considering factors such as their performance, the expense of finding a replacement and if they possess unique knowledge that cannot be replaced easily.

Having a formula of sorts to qualify the value of high performers who would be considered regrettable losses for the company can help HR and managers develop a plan to retain those people before signs of a potential departure.

One method for proactively avoiding regrettable turnover is increasing transparency in the hiring process. Often, employee departures can be attributed to misalignment with the role they were hired for. Employees may also leave if they do not feel they are being compensated adequately or are not seeing pathways for advancement within the company.

The HR team can improve transparency by crafting a robust job description that captures the responsibilities and expectations of the position and sharing the salary range and growth opportunities. This allows candidates to make an informed decision about whether the role matches their long-term career goals.

HR plays an instrumental role within a company, which is best showcased when business value is tied to the department's work. Currently, only 51% of HR leaders feel highly or very valued by leadership, according to HR Dive's 2023 Identity of HR Survey. And that's down from 58% in 2022.

To turn this around, HR leaders need to align efforts to the outcomes that create the most business value. Those outcomes—performance, engagement and retention—have the power to change the trajectory of the business, and HR is best suited to solve for them.