

“From Administration to Strategy: The Changing Role of Human Resources in Modern Organisations”

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Abstract:

Human Resource Management (HRM) has undergone massive transformation over recent decades, evolving from an administrative and clerical function into a strategic driver of organisational success. The discipline of HRM is shaped by economic fluctuations, political and regulatory pressures, rapid technological change, and shifting social expectations. HR professionals today operate simultaneously as a strategic partner, change agent, employee champion, culture architect, and data-driven decision-maker. Drawing on a broad base of contemporary texts, this article is a humble attempt to examine HRM's evolution across four dimensions: the external environment which shapes HR practices and functions, the multiple roles HR professionals are expected to perform, the paradigm shifts that have redefined people management, and the new competencies required of contemporary HR practitioners. This article also explores HR's distinct responsibilities in dynamic and virtual organisations. The paper discusses the argument that the improvement in the HR fraternity paves the way and recognises the fact that investing in Human Resources will give you returns in heaps. The shift in HR practices changes the way we attract, maintain, develop and retain our internal customers.

Introduction:

The HR function today looks nothing like it did a few years ago. Where personnel departments in the early industrial era were focused on record-keeping, attendance tracking and labour law compliance, today's HR professionals are expected to be in charge of organisational strategy, creating fostering culture, working on predictive analytics and being champion for workforce development all at once and at every level. This transformation was a result of economic pressures, technological change, and demographic changes. You cannot treat the people same way in an organisational setup as you would have treated them few years back. A growing body of research illustrates that how organisations manage their people results in competitive advantage (Becker & Gerhart, 1996).

Recognising that Human Capital is a key to sustained competitive advantage was first put into practice in 1991 by Barney (1991) when he explained how to structure the organisation based on the resource perspective and Human Resources were a key strategic element of the firm. Thus, they were an important aspect of its strategic orientation. If people are valuable, rare and hard to imitate, then the role of creating, developing and retaining the people must be at the heart of the organisational strategy. This article explores this logic in practice and analyses the transformation the field of HRM has gone through with the help of four interconnected areas: the external environment that shapes HR practices and programs, the

evolving roles of the function, the paradigm shifts redefining people management, and the new competencies for the HR fraternity.

THE CONTEXT OF HRM: ECONOMIC, POLITICAL, AND SOCIAL CHALLENGES

HRM does not operate in a vacuum. Three broad categories of environmental challenge shape the context within which HR functions must operate and adapt continuously if the organisations want to survive and thrive.

Economic Challenges

The economic situation puts direct and immediate pressure on HR practice. In recession or contraction, companies have to contend with revenue cuts and budget constraints that translate into workforce reductions, hiring freezes, and compensation changes. HR has to balance these costs with the equally important need to keep employee morale and productivity high, since disengaged workers rarely do what cost cuts are supposed to do (Cascio 2002), and that's why high morale and productivity are not always achieved in these circumstances. Inflation is creating a challenge for HR to adjust its wages and benefits structure, and is forcing it to adjust its compensation packages for employees to keep them happy without jeopardising financial sustainability. Economic globalisation has also increased the scope for HR in terms of the globalisation of personnel and job performance and the need for companies to manage cross-border talent and labour costs in a manner that allows them to respond quickly to changes in global markets. The cumulative demand is for a workforce that continuously develops the capabilities the future will require, even when the present is uncertain.

Political Challenges.

Government policies, labour laws, and industrial relations are all important for HR and the way it must function. With a growing number of shifts in employment laws (from minimum wage to diversity policies to workplace safety), HR must review organisational policies from day one to train managers on compliance. Political instability, whether it's domestic or international, can undermine business confidence and disrupt workforce planning in a way that impacts every HR function. For multinational companies, the complexity is greater: HR needs to navigate different political systems, immigration regimes, and cultural norms regarding work-life relationships (Dowling et al., 2013). The primary demand political challenges place on HR is vigilance and regulatory agility of the organisation. Its ability to track legislative environments and adapt in a way that does not disrupt operations and expose the company to legal risk.

Social Challenges.

Social change has so far had the biggest and most visible impact on HRM practices. The workforce today is more diverse than at any time in history, as employees of different ages, genders, ethnicities, religions, and income backgrounds are working for us. Treating this diversity well requires the HRM fraternity to have inclusive policies, to actively work to prevent discrimination, and to develop an organisational culture of equity from scratch (Thomas & Ely, 1996). Employee expectations have been altered in the age of generational change, and HR can't ignore that. Millennials and Generation Z, who constitute a growing share of the workforce, cherish meaningful work, flexibility, lifelong learning, and a real organisational culture that reflects values (Twenge, 2010). Social attitudes towards gender equality, environmental sustainability, and corporate social responsibility have also brought HR to a new level of challenge, adding employer branding, ethical sourcing, and sustainability reporting to the already demanding job.

THE EVOLVING ROLES OF HRM

The fundamental goal of HRM is to plan, develop, and administer policies and programs designed to make the best possible use of an organisation's Human Resources. Keeping in mind, many authors have generated several influential frameworks for understanding what HR professionals actually do.

Mathis and Jackson: Three HR roles

Mathis and Jackson (2010) identify three main roles in HR management. The Administrative role is record keeping, payroll, benefits administration, compliance and policy implementation. Technology has changed the way in which this work is done, and HR information management systems, automation, and outsourcing are reducing the time HR is required to do purely clerical work (Marler & Boudreau, 2017). The Operational and Employee Advocacy role is to work with the managers to create programs, recruit and train people and to handle employee relations and in doing so to speak to the employees and to be the voice of the entire employee base who is fair and just. The Strategic role represents the largest expansion of HR at a global level, and HR professionals contribute actively to workforce development, compensation, organisational design and HR's value in the business. HR professionals who can quantify the cost of turnover, articulate the return on talent investment and connect people practices to financial performance are much more credible strategic partners than those who speak in administrative terms.

McLagan's Nine HR practitioners.

Pat McLagan identified nine different roles that HR practitioners play: bringing external and internal people trends to strategic decision makers, creating HR systems to the best of their ability, moving the organisation forward, building good customer relationships, identifying learning needs and designing development programs, enabling individuals and organisations to work in a new way, helping people to assess and plan their own development, supporting people to sustain change and assessing HR programs and communicating what results are generated. This broad framework is indicative of the integrated nature of HR professionals today, which includes combining strategic thinking, coaching, research and change management into one person's professional identity.

Ulrich's Four-Role Model

Dave Ulrich's four-role model, first introduced in the mid-1990s and still widely used in the field, is a four-level model for HR activities with Strategic Partner, Change Agent, Employee Champion and Administrative Expert (Ulrich, 1997). As Strategic Partner, HR converts strategy into results by creating organisations that create value. As Change Agent, HR enables change to happen quickly and with efficiency. As Employee Champion, HR is responsible for talent and intellectual capital within the firm. HR is the administrative expert that makes processes run better, faster and more efficiently. Ulrich's model is of great relevance for how it identifies the tension HR professionals have to navigate all the time: they need to work on long-term strategies while dealing with the immediate operational demands.

THE PARADIGM SHIFT IN HRM

The most far-reaching dimension of HR's transformation is the series of paradigm shifts that have redefined how organisations attract and manage their people. Eleven distinct dimensions capture this shift.

From Administrative to Strategic Partner.

In the past, HRM was primarily administrative and involved in decision-making at a tactical level. The paradigm shift has made HR professionals not only a player in business planning but also in the organisation's long-term talent acquisition and development. Wright et al. (2001) find that HR practices are instrumental to the development of organisational capabilities that other competitors find impossible to replicate and therefore contribute to the case for being the strategic partner claim. HR now works with senior management, aligns people practices with organisational goals and actively impacts culture and competitive capability.

From Job-oriented to Competency-based HRM.

The shift in HRM from job-oriented to competency-based is based on skills, behaviours, potential and learning agility. Organisations look for adaptable people who can innovate and take on multiple roles, as well as build a flexible workforce through upskilling and reskilling. This shift is particularly important in the context of technological change, which is rendering some skills obsolete and creating demand for new ones faster than traditional educational systems can respond (World Economic Forum, 2023).

From Employee Control to Employee Empowerment.

It has shifted from the compliance-oriented HR of earlier times (where rules were strict, and decisions were centralised) to one of empowerment that is genuine. Today's HR allows employees more autonomy, flexibility and a seat at the table when it comes to decisions on their work. Empowered employees are more likely to engage in work and to be in a better place and more likely to stay (Spreitzer, 1995).

From Employees as cost to people as Human Capital.

This may be the most fundamental change in HRM. When employees were treated as labour expenses to be minimised, the logic of people management was purely transactional. Recognising employees as Human Capital, as articulated by Becker (1964), changes all this: investment in development, wellbeing, and engagement produces financial value and losing talented people has real financial implications that HR must help organisations to understand and manage properly.

From Reactive HR to Proactive and Predictive HR.

Traditional HR worked to solve problems after they occurred. Today, HR is working with workforce planning and people analytics to prepare for challenges. Tursunbayeva et al. (2018) explain how HR analytics enables organisations to forecast turnover risk from the beginning, detect skill shortages, and detect early signs of disengagement so that HR can intervene before disruption becomes a crisis.

From Uniform policies to Personalised HR practices.

One-size-fits-all HR rules have been replaced by personalised approaches that cater to all employees' needs and preferences. Flexible work hours, individualised benefits, individual development plans and care for different lifestyles promote inclusion, satisfaction, and retention. It is part of a shift in the sense that the employment relationship is becoming more personal in nature and less institutional (Rousseau, 2005).

From Annual Appraisals to Continuous Performance Management.

The annual performance review, long criticised by organisational research as being backwards-looking, subjective and anxiety-inducing, is replaced by continuous feedback, coaching and real-time goal alignment. This shift makes performance clear, accountable and skill-building across the year, rather than a single high-stakes event (Aguinis, 2019).

From Manual Processes to Digital and AI-driven HRM.

Technology has fundamentally transformed HR operations. HRIS platforms, AI-enabled recruitment tools, digital onboarding systems and virtual learning systems simplify processes, reduce administrative errors and enhance employee experience. As Marler and Boudreau (2017) note, the digitalisation of HR has opened a new era of evidence-driven HR practice, where decisions are informed by empirical evidence and not historical background or managerial intuition.

From Traditional work environments to Hybrid, Remote, and Global workforces.

Fixed location-based work has been replaced with remote, hybrid and global work models driven by digital collaboration tools. The COVID-19 pandemic was a turning point for the shift in the world of work, and organisations had to adapt almost overnight to distributed work and show both the advantages and disadvantages of remote work at scale (Kniffin et al., 2021). HR now plays a central role in defining the policies, tools and cultures of hybrid work.

From Compliance and Control to Culture and Employee experience.

While compliance is still a priority, HR is more concerned with creating good organisational cultures, psychological safety and a great employee experience at all stages of their work, from hiring to leaving, from the start. Schein and Schein (2017) point out that organisational culture is not something that happens; it is a product of the behaviours, symbols and practices that leaders and HR professionals actively develop. A strong culture increases employee engagement, lowers turnover and enhances employer brand.

From Intuition-Based Decisions to Data-Driven HR

It is not easy to change HR from intuition-based decision-making to data-driven HR. In traditional HR decisions, the experience of the manager and intuition could be a matter of bias and inconsistencies. The shift from intuition-based HR to data-driven HR is based on metrics, dashboards and predictive analytics to make more intelligent and objective decisions on recruitment, training, performance and retention. Rasmussen and Ulrich (2015) argue that HR analytics is most valuable not as a reporting tool but rather as a strategic asset that allows HR to identify patterns, solve complicated people problems and demonstrate its contribution to organisational success.

HR IN DYNAMIC AND VIRTUAL ORGANIZATIONS

HR in Dynamic Organisations.

A dynamic organisation is constantly evolving to keep pace with technology, competition, customer needs and workforce expectations. In those environments, HR is a key player in the strategic workforce planning process, forecasting the future of the workforce and talent pipelines and preparing the workforce in case of job requirements and shortages. Collings and Mellahi (2009) contend that the selection of the key talent positions, which are key to sustainable competitive advantage, is a key component of strategic talent management in dynamic organisations.

HR in dynamic organisations also aims to build continuous learning programs, change-ready cultures, agile performance management and employee engagement at times of uncertainty. The ability to manage change effectively (people understanding, accepting, and adjusting to organisational change) is now one of HR's most important contributions (Kotter, 1996).

HR in Virtual Organisations.

Virtual organisations are run by digital platforms, with employees working remotely from various places and time zones. HR in this context is, in a virtual setting, technology-oriented and connected with no physical presence to communicate, perform well and achieve culture. Virtual recruitment, digital onboarding, e-learning and online performance management are the backbone of HR in virtual environments.

Establishing trust and collaboration between distributed teams is among HR's most important responsibilities. After the onset of remote work in the era of pandemic expansion of remote work, studies show that employees in virtual settings are at increased risk of isolation, burnout, and a lack of boundaries between work and personal life (Kniffin et al., 2021). Virtual culture in the absence of physical co-location is a virtual world, so making sure the culture of an employee connected to the organisation is aligned with the company culture is created through online recognition programs, digital engagement and clear communication policies.

NEW COMPETENCIES FOR CONTEMPORARY HR PROFESSIONALS

The scope and strategic orientation of modern HRM requires HR professionals to develop a genuinely new set of competencies in technical, interpersonal, and strategic areas. Strategic thinking and business knowledge are the foundations of such a business; people practices with HR professionals who cannot relate to financial results are not able to be credible partners with the executive level. Digital and technological literacy are non-negotiable as the

HRIS platforms, AI-powered tools, and virtual collaboration systems are now the core of the work that the HR function does.

People analytics and data-driven decision-making require genuine comfort with metrics and analytics. On the other hand, change management capability, emotional intelligence, and cultural intelligence remain the relational dimensions of the modern-day HR fraternity. HR professionals who can cope with conflict with empathy, are able to build relationships across organisational levels, and to understand cultural contexts are far more effective than technical expertise alone (Ulrich et al., 2012). Global mindset, innovation, talent management expertise, legal and ethical competence, agility, and a genuine orientation toward employee experience and wellbeing make up the identity of a professional Human Resource Professional.

DISCUSSION

The evidence in these sections provides a simple and consistent conclusion: HRM's transformation is not a rebranding exercise but a real evolution in what the function does, how it does it and how it contributes to the organisation. The move from administrative clerk to strategic partner is about an actual shift in organisational thinking that is driven by external factors and a growing body of data that is establishing financial and operational effects of how organisations manage their people. Becker and Gerhart (1996) are among the first to provide empirical evidence that HR practices affect organisational performance, and the field has followed up on that evidence in the decades since.

Transformations in HR practices and programs are not yet the same across all organisations, and modernisation of the same is still under scrutiny for many organisations. Bridging the gap between the strategic HR function described in modern frameworks and the reality of HR practice in many organisations is a challenge for HR professionals who have developed the skills of the field and the leadership of organisations who understand the potential of a strategically oriented HR function. The paradigm shifts that this article is talking about are not to be considered accomplishments but to be reconciled with one another every day: the tension HR professionals must keep working through as we continue to navigate: between administrative efficiency and strategic contribution to the organisation; employee advocacy and organisational performance demands; between standard policy and personalised practice, data-driven rigour and human-centred judgment. And it's being able to manage these tensions and keep up with the flux in the workplace and in a context where the situation is constantly changing and where HR is just functional HR.

CONCLUSION

The story of HR's transformation is a story of organisations learning gradually and sometimes reluctantly to take seriously what decades of research and practice have shown. How you treat people is crucial to your organisation's ability to achieve. The transition from personnel administration to strategic HRM is truly a real improvement in organisational understanding and one with tangible benefits to the competitive performance of employees and long-term business sustainability. The current HR professional must now be a strategist, analyst, coach, advocate, culture architect, and change agent at once. The competencies are diverse, environmental pressures are real, and the internal strife is real. But the opportunities available are just as great. Organisations that truly invest in their people through talent acquisition, continuous development, genuine empowerment, and authentic culture will attract talent, build engagement, and produce results (Pfeffer, 1998). HR professionals comprise the most vital part that makes that investment sustainable, accurate, and efficient. And if we know in advance, the most crucial chapters of its evolution might still lie ahead.

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