

How Can HR Influence Business Strategy?

Description



How can human resources influence business strategy? In several ways in fact depending upon the element of HR weâ??re looking at. Because human resources is a very vast field that covers every sphere of business operations.

After all, a business however small or large is nothing more than people utilizing their collective skills effectively to provide a service or product that benefits all stakeholders. And managing people- or humans- is the role of every HR executive and department.

By this corollary, itâ??s vital that HR should influence a business strategy. In different ways too. Therefore, we look at various simple ways and means how HR can influence business strategy.

HR Influence on Business Strategy

An excellent business strategy and HR have to complement one-another in every sphere. A business strategy defines goals an organization wants to achieve while HR provides and manages talent necessary to achieve that goal.

Hiring in Line with Business Strategy

Understanding the overall business strategy is of vital importance to provide effective HR. Hence, HR executives have to evolve own hiring, staff retention and human resources development strategies that are in line with an organizationâ??s business strategy. Perhaps, this is the toughest part of HR while influencing business strategy.

An organization will have immediate, mid and long-term staffing requirements. HR needs to identify these to provide seamless [hiring process that ensures only the best talent gets in](#).

Obviously, professionals necessary to make a business strategy successful may often be hard to find. In such cases, HR can consider outsourcing talent or hiring freelancers that can further objectives a business strategy envisages.

Ideally, a good HR strategy is synergistic with business strategy. It is people that will help reach objectives that a business strategy outlines. Hence, all hiring, recruitment and outsourcing processes have to [align with the ultimate objectives of a business strategy](#).

Preventing Work Disruption

Frequent leave taken by employees for any reason, labor strikes and high attrition rates can throw an [excellent business strategy](#) out of gear.

Therefore, it's imperative to stem such work disruption before it occurs. Here's where HR can influence a business strategy considerably.

Here, HR managers have to impress upon business strategists, the need to prevent frequent work disruption due to any of the above reasons.

That's possible by ensuring employee loyalty. An excellent business strategy therefore should be employee-centric rather than profit-centric.

[Hilary Hinton Ziglar](#), American businessman and author, better known as Zig Ziglar says: "You don't build a business, you build people. And then people build your business."

Therefore, HR has to include employee welfare and human resources development policies on any business strategy that aims for success.

Frequently bunking work, labor strikes and high attrition are a clear indicator that something's wrong with the business strategy as well as HR policies.

HR should also bear in mind the cost of recruitment and training fresh employees- an avoidable expense if it includes employee welfare on a business strategy.

Investing on Human Resources Development

HR can influence a business strategy in terms of investing upon development of human resources. This is possible through training and superior employee engagement programs.

Latest skills that boost productivity and translate as profits are necessary for any business regardless of its size.

While every business strategy speaks about investments in various elements necessary for its success, human resources development often gets scant attention.

Because most business strategies have one prime focus: profits and consolidating market position. These aren't possible unless drivers for growth and profits- which is human capital- lags in skills.

It's no secret that organizations that invest on training employees enjoy lower attrition rates.

Happier human capital holds key to higher productivity that eventually culminates as greater profits.

Common HR Myth

As the first step for HR to influence business strategy, it's essential to bust some myths about the role of human resources executives at all levels and departments in general.

We've seen HR managers and departments function like procurement divisions of companies: they limit their area of responsibilities to hiring and firing employees. The myth that HR is all about recruitment and policing employees has to be systematically busted.

In Conclusion

Unless HR influences business strategy, an organization would fall short of its goals. And in worst cases, the lack of such symbiosis can sound death knell of a business.

For smaller businesses and startups, the influence of HR on business strategies can define the fine line between success and failure. HR policies also have to consider profitability of an organization and draw astute budgets in sync with the business plan. A one-person show business also requires HR inputs, though they wouldn't have a dedicated department.

A business owner that is adept at staffing and meeting current as well as future HR needs would in most cases, be highly successful.

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