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HR Executive Perspectives on Alignment with Executive Strategy: Conclusions from Six Conversational Interviews

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A cursory exploration of contemporary Human Resource Management (HRM) literature reveals a foundational goal for HR leaders: align and support firm strategy. Strategic alignment throughout the organizational hierarchy is frequently heralded with enabling better decision making and giving companies the best chance of success.[1] But scholarly journal articles often fail to include perspectives from HR executives themselves on this alignment process. The scholars of HRM herald strategic alignment but often fail to include HR executives' sentiments toward alignment of firm strategy. To explore this void in the literature, I interviewed six HR executives in roles ranging from Vice President and Senior VP of Human Resources to Senior HR business partner, HR Director and Chief People Officer. I questioned interviewees about their cooperation with executive leadership, especially how they attempt to align human resources initiatives with overall firm strategy.

These interviews described concrete examples of moments when HR executives were aligned and when they were opposed to executive strategies. The stories that HR executives told describe a disconnect between executive leaders' and Human Resources leaders' goals. While HR executives attempt to align their Human Resources departments with firm strategy, some of their most important work derives from challenging typical executive notions of success. This paper

[1] Jonathan Trevor and Barry Varcoe. "A Simple Way to Test Your Company's Strategic Alignment." Harvard Business Review. May 16, 2016. https://hbr.org/2016/05/a-simple-way-to-test-your-companys-strategic-alignment.

details some of these contradictions and contributes to opening up future conversation around firm strategy, strategic alignment, and executive priorities.

HR executives often strive to work on behalf of the employees by bolstering policies and strategies that contribute to employee interpersonal as well as professional growth, with the firm benefitting through increased organizational effectiveness. But financially-minded executive leaders are less optimistic about such people-focused changes. They judge effectiveness—of not only HR initiatives, but most organizational actions—against the impact of an initiative on short-term revenue measures. Thus, HR executives often find themselves seeking people-first alternatives to executive's revenue-motivated proposals, and advocating for employee initiatives when conflicts emerge. Even how HR executives frame their organizations is different than typical executive leaders. After describing his natural resources company's portfolio of products and services, a Senior Vice President of Human Resources described that really, "people drive your portfolio." While he described how other executives thought of the company's portfolio as a bundle of financial decisions driven by market conditions, the HR executive saw people as the driving force behind a company's portfolio. More than just a 'chicken or the egg' dilemma, this difference in thinking about strategic decisions illustrates how HR executives elevate people within firm strategy. The HR executive sees how people assemble a portfolio of products and services through organizational structures, driven by strategy.

Though modern human resources literature has long espoused the paradigm that, "people are an asset and not a cost,"[2] it is apparent from conversations with HR executives that the rest of the so-called C-suite does not always share this rosy view of the value of workers. A former VP of Human Resources at a publicly traded technology company with over 3,000 employees

[2] Beer, M., Spector, B., Lawrence, P., Quinn Mills, D., and Walton, R. (1984). p. 292-293 Managing Human Assets. New York: Free Press

described the hard truth that "when the rubber hits the road… people get fired when going through hard times." This former VP of HR observed that when a company experiences financial troubles, "people resources are the first cost to get cut." When asked if he thought his executive colleagues saw their workers as an asset to invest in or a cost to be minimized, the VP of HR responded that "for executives, employees will always be a cost." In many businesses but especially in highly professionalized organizations, labor costs are often the most substantial cost a company faces. It takes a people-first focus to evaluate the high cost of top talent and understand that building a positive culture and effective organization takes consistent investment of time and capital.

While executives are motivated by financial measures, HR executives tend to advocate for the employees, and HR executives' prioritization of employees often places them at loggerheads with executive leadership. A common example of the source of this conflict in people-first vs. revenue-first thinking occurs when executives propose cutthroat cost-cutting initiatives to reduce labor expenses. Working at a global private education technology company with around 500 full-time employees and over $100 million annual revenue, a senior HR executive described that within the executive team, "in an HR role you often seem like the grim reaper… you are often the bearer of bad news." When financial-results-oriented executives propose harsh strategies to boost revenue to the detriment of employees and disruption of positive organizational culture, HR executives often attempt to suggest alternatives that prioritize skill growth and realignment of employees rather than layoffs.

One HR executive described working with a new C-suite executive who wanted to cut costs in their department based on financial results. The new executive saw an underperforming sales team in their department and wanted "to cut the bottom-performing 10 percent from that team." Their logic was that the worst-performing individuals in the team would understand that their jobs were rightly in jeopardy because they were not meeting their sales goals. Taking up the defense of the workers, the HR executive described that it was her job to put this decision in context for the cost-minded executive. The HR exec helped them to realize that termination would be a distressing surprise for these bottom-performing workers, and certainly not an expected or anticipated result of their poor performance.

In opposition to the layoff, the HR executive said to the financially minded executive that, “we cannot let them go based on performance alone.” According to her, a layoff based on poor performance may be legally dubious and would engender distrust among employees. In this case, the role of the HR executive was to put an executive decision in the context of people management while framing the problem through typical executive priorities that the financially-minded executive would understand. The HR executive contextualized the decision in terms of the bottom line, bringing up the potential exposure to costly legal liability, along with the potential degradation in performance among other employees. Instead of laying off the bottom-performing 10 percent of the team, the HR exec prioritized a thorough review to address breakdowns in performance management for the sales team. The cost-cutting executive and the HR Business Partner ultimately agreed to cut the bottom 4 percent of the sales team while doubling down on efforts to improve the team’s performance management strategy.

Another anecdote of the HR executive finding themself as the only workers’ advocate in the C-suite was a Senior VP’s experience handling competing management and executive interests as his old company headed toward bankruptcy. At a natural resources company that was going bankrupt, management wanted to cut a deferred compensation plan which many of the company’s executives had paid into over the years. The Senior VP of HR was focused on preserving the executive pension plan, but first prioritizing the healthcare and incentive plans that applied to most employees. This HR exec knew that most of these programs “would get ripped apart by private equity and investment banking people” during the bankruptcy process. He prioritized protecting the employees’ plans first, then talking later with the creditors about preserving the deferred compensation program for management and executives. Among his executive peers who prioritized the preservation of their own incentive plan, the HR executive stood up for the rest of the employees first, despite being the only voice in the room to do so. He was ultimately successful in defending the employees’ plans first, then defending the management incentives from the cutthroat creditors.

These stories about HR executives’ disagreement and cooperation with cost-minded executives reflects the common observation among HR executives that strategy becomes even more important when a company is downsizing, no matter the scale of the downsize. The HR executive at the natural resources company described the debate about compensation plans by noting how in times of stress, management skimps on commitments to employees. He observed how executive leadership often will not give HR a flat-out “no,” but they will try to cut off what they view as excess spending wherever and however they can, often at the expense of employees. The former VP of HR at the technology company observed that “if you’re growing and have revenue, you face challenges around costs less often,” while downsizing requires that “you need to nail your strategy and stick to it.” His observation reveals the business awareness that internal communications align employees with firm strategy. The executive team wants workers to understand the context of cost-cutting, and these internal communications duties often fall to human resources because of their people-facing savvy as they code-switch between executive priorities and employee realities. The former VP of Human Resources supported this view of the arrangement, saying that “I think that employee communications should always be under HR.”

According to him, the marketing department often messed up employee communications, signaling the vital role that human resources executives play not only aligning HR work with executive strategy, but aligning executives' internal communications with employees' experiences.

One issue of internal communications that requires substantial consideration by Human Resources executives is how to handle the pay gap between executives and employees. With CEO compensation reaching levels ten times higher than 40 or 60 years ago,[3] human resources have "a long bridge to cross" to communicate with employees around issues of executive pay, according to a former VP of Human Resources. He claimed that transparency is usually the best policy around issues of executive compensation, alongside having an honest conversation about the organizational hierarchy of compensation. Stock options, ownership, and employee governance play an important role in including workers in the mission, vision, and success of the company. This former VP of Human Resources observed that his organization benefitted drastically from the unconstrained growth of tech, noting that the ability to offer stock with a growing, successful public firm "[gives] out a huge amount of equity." Even though the gap between employees' and executives' compensation plans was huge according to the former VP, he found that including employees through ownership and governance paid large dividends in aligning employees with firm strategy.

Considering today's accelerating social and political tumult, HR executives are creating new programming to help executives understand their employees' experiences both in and out of the workplace. While one side of HR executives' role revolves around conveying executive

[3] Lawrence Mishel and Julia Wolfe. *CEO Compensation Has Grown 940% since 1978.* Report. August 14, 2019. https://epi.org/171191.

strategy to the rank-and-file, the other side involves bringing employee voice into the C-suite, where it is rarely warmly received. As advisors to executive leadership on how they can align with, understand, and connect with their employees, HR executives increasingly facilitate new methods for connection and understanding between executives, management, and employees. For example, the HR executive at the natural resources company proposed listening sessions and town halls in the wake of George Floyd's death at the hands of a Minneapolis Police Department officer in May 2020. The HR executive identified that political topics like COVID, BLM and racial justice were already being talked about in the office. Though HR professionals preached for years that employees leave politics out of the workplace, he observed that these issues have now crept into the workplace and show no signs of leaving. Rather than fighting against a natural cultural change, the HR executive worked to figure out how the executive team could adapt to the new organizational culture, citing as his motivation that "good companies lean into this stuff." He proposed that employees have listening sessions with the executive team, giving the executives the blunt goal that "we are going to go out and talk with black people."

The organization brought in external facilitators and a moderator to put together listening sessions which contributed to bringing disparate members of the organization together in emotional and candid conversations. Rather than ignore employees' different experiences, this HR executive observed that by focusing on shared as well as disparate human experiences, employees can bring their whole selves to the office, and build trust with colleagues and management. This whole new programming stemmed from the HR executive's determination that management simply cannot expect employees to leave politics at home anymore. He also observed that larger organizations—with even more disparate human experiences among a more spread-out employee population—struggle to implement inclusive practices at size and scale. At those levels, the HR executive observed, “discussion turns into discourse into dispute into conflict.” When opening their whole selves, employees often face scary and emotional conversations, and a one-size-fits-all approach to opening a dialogue is not adequate to implement tolerant discussion programming. Further, the whole of these conversations must be to create connection and build community rather than jumping to solve multi-generational social and political issues. As the HR executive acknowledged, “our job in these conversations is not to problem solve, but to listen, and that’s hard.”

Once these conversations take place, they boost efforts to change organizational culture. At the natural resources organization, these conversations contributed to the establishment of new task forces to commit the company to creating a diverse culture. The HR executive acknowledged that the company would not have pursued changes around these issues or committed to change their culture without these vital conversations taking place. Through safe, voluntary, and civil discussions, the organization helped address systemic racism in the greater communities the organization inhabits while tackling ignorance and a lack of understanding between executives, management, and employees. The HR executive was proud of the impact of these initiatives. What started with a simple proposal to listen had turned into engagement and a commitment to cultural change.

A key observation from conversations with HR executives is that executive buy-in can drastically increase the chances for successful implementation of HR initiatives. In an example of executive buy-in, an HR executive at a late-phase education technology startup with annual revenue around $15 million observed how a top-down approach accelerates project timelines and prioritizes both budget and organizational assets to accomplish a goal. His company has a progressive culture with management that prioritizes collecting feedback through informal surveys. Management keeps their doors open as much as possible to questions and concerns from all employees, and the CEO has an open 'office-hours' policy for scheduling short meetings with any employee. The company holds weekly all-staff standing meetings alongside monthly email updates from the executive team. They also put on a monthly celebration of small victories, where employees submit their month's biggest wins and meet virtually to celebrate and enjoy take out, on the company's dime, in a virtual happy hour.

He described an example of a top-down management style spurring on an HR initiative at his company. His CEO wanted to put together anti-racism training for the office, and simply asked the VP of HR, "Can we do anti-racism training?" The VP recalled how this project was easier to execute because it was driven by executive interest. With support from the executive team, the VP of HR organized anti-racism learning and discovery sessions for all staff. He engaged a diversity, equity, and inclusion (DEI) firm to run the sessions, bringing in an outside team knowing that DEI initiatives are difficult to audit and execute internally. The initiative was made easier because the CEO allowed the sessions to carry a wide remit and he asserted that he did not care if employees quit because they disagreed with the content or spirit of the sessions.

Another example of top-down executive leadership spurring on an HR initiative was a project at the global private ed-tech company where the HR executive described a project proposed by one of the C-suite Officers. A Chief Officer proposed that the company implement an employee mentorship program. The project stemmed from anecdotal conversations with employees who indicated that internal networking was lacking. The HR Executive described that projects stemming from conversations and anecdotal experiences are very characteristic of HR work. She said that upon planning the mentoring program, the project already had a lot of momentum because it was proposed by a member of executive leadership and implementation of the program had already been promised by the organization with a deadline only two quarters away. The HR Executive described how the project benefitted from having an executive sponsor from the start, because “this has already been promised to everybody, so I was able to skip making the business case for why this was needed.” Although the project already had a deadline, best practices and consideration of necessary internal programming had not been evaluated. The HR Executive also needed to determine content selection and how employee eligibility for the mentorship program would be determined. Upon further evaluation, the need for a program manager was also discovered.

Despite almost none of the initial planning work being taken care of, the executive team set a deadline and tasked the HR executive with a ‘people-facing’ task. She said the project benefited from the already-established executive support, which meant that she did not have to “prove the need for the project.” But the close deadline and lack of consideration of multiple variables prior to establishing the deadline needlessly accelerated the project. Further, the instructions around implementation of the program were limited to, “do whatever you can to run a good program, but keep the costs as low as possible.” The positive connotations around mentorship and career management also benefited the project, and it did not face stringent opposition from anyone in the executive team.

On such an open-ended project with unanimous support, determining factors for success proved more difficult. The project stemmed from anecdotal feedback from employees and was supported by word-of-mouth within the organization. But how would it be judged on a performance basis? The HR executive also faced some difficulty because as she explained, “I was tasked with fully creating this program from almost-scratch and then running this program, but it still wasn’t my program.” Though happy to have an executive sponsor and strong support from firm leadership, the involvement of the sponsor sometimes made the HR executive's work on the project more difficult. As she described it, "the [sponsoring executive] had lots of great ideas, but they were not organized or achievable." This executive was very focused on DEI issues, and sometimes pushed for the mentorship program to promote DEI goals alongside the project's already-established networking and learning objectives. While the sponsoring executive had "a lot of big ideas," the HR executive found herself forcing the project back into the focus of "a money lens, a legal lens, and a learning lens." In this instance, 'success' for the HR executive meant implementing the program as requested by the executive team. This meant keeping it under budget and prioritizing the central mentorship and networking goals, rather than expanding the project to include related but inessential priorities.

Ultimately having an executive sponsor helped the project get support and funding rapidly, but it also set undue burdens on the HR executive to meet accelerated deadlines while incorporating disparate goals and voices. When executive leadership pushes for people-focused initiatives, HR executives are grateful for the support but also describe an organizational momentum that can be difficult to balance with level-headed, people-first thinking.

As HR executives attempt to align HR initiatives with firm strategy, the line between Human Resources practices and management becomes blurred. More and more HR executives see their work not only as advising management on HR issues, but rather they see HR as a management function itself. While financial models dictate that companies make their human capital as efficient and productive as it can be, HR perspectives drive management to provide employees with workplace experiences that are different and better than the competition. As one HR executive put it, "if you don't [address employee needs], a union will come in and do your job for you." Another HR executive described the central nature of compliance to HR work, noting that first, "we have to be in compliance," before HR departments can push for new initiatives. In highly professionalized organizations, workplace environments are treated by executive leadership as assets to be tailored to maximize productivity and attract top talent. Companies have long tried to beat the market with better compensation and total rewards, but COVID has widened executive perspectives on a litany of transformational business practices that benefit employees.

One sign of the times is that fewer HR executives appear to strongly value the input of HR industry literature from organizations like Strategic Human Resources Management (SHRM) or human resources content from magazines like Harvard Business Review (HBR). One HR executive said of literature from SHRM that "they are not with the times at all." She pointed to an article that appeared very tone deaf in the wake of the Black Lives Matter protests in Summer 2020. She uses SHRM content to "gut-check" specific processes, like following disability laws, and other straightforward matters, but rarely for more abstract HR business decisions. According to this HR executive, "the biggest resource in HR is the network of HR people," who benefit from knowledge-sharing and running specific situations by other similarly placed HR professionals. She went on to say that "I got a Masters in HR management and it is pretty useless to be frank."

Another HR executive described that when HR initiatives meet different firm cultures and strategies, "there is no such thing as best practice." For him, HR literature and conferences were not only unimportant to contemporary HR work, but he was skeptical of the value of HR professionals travelling to HR conferences every other month. Another HR executive I interviewed was a long-time SHRM member and the president elect for his regional SHRM chapter, and he used SHRM literature frequently to stay current on compliance policies. He said using professional HR literature was less about, "I have top implement this exact plan," and more useful for modelling new initiatives and keeping abreast of HR industry developments. Several of the HR executives I talked with observed that they studied Industrial Relations in graduate school but never worked in an Industrial Relations capacity during their careers. This career experience demonstrates the movement of Human Resources priorities away from labor relations to a new role as part of the management team.

As the HR industry literature espouses, the last century of Human Resource Management has seen the alignment of HR initiatives with firm and executive strategy. But despite this cooperation with executives and incorporation of profit-focused objectives in their work, the handful of conversations I had with HR executives reveal that they are still usually the only or one of a few people-focused voices in the C-suite or executive team. There is no doubt from these conversations that HR executives fit into executive teams and that they are valued for their problem and pre-problem-solving abilities relevant to people-facing issues. HR executives also work frequently to solve executive issues within top-down leadership hierarchies, solving executive problems or limiting cutthroat executive actions. The impetus for solving HR problems often appears to stem from executive concerns rather than arising from lower-level employee's observations, but this is not always the case. HR executives describe being more open than their executive colleagues to listen to and prioritize employee concerns. HR Executives certainly appear to have their share of cooperative as well as conflictual interactions with executive leadership. Further conversation and investigation is warranted to determine where HR initiatives begin and how Human Resources work incorporates workers at all levels in creating cooperative, empowering, and inclusive organizational culture.