



NAVIGATING THE POLITICAL AND CULTURAL LANDSCAPE:

How Companies Decide When to Engage

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EXECUTIVE SUMMARY

Companies today increasingly feel pressured to take public positions on potentially divisive sociopolitical topics. Whether they choose to stay silent on these issues or weigh in, they face significant risk. The 2023 HR@Moore Survey of CHROs explored how companies typically go about making decisions in this arena, before focusing on how they responded to a specific issue – the Supreme Court’s recent *Dobbs v. Jackson* decision overturning *Roe v. Wade* regarding abortion rights in the U.S.

The report shows that most companies have developed either formal or informal criteria to evaluate whether or not to take a public position on some politically or culturally divisive issue. The most important criteria focus on the extent to which the issue is aligned with the business’s strategy, values, and reputation. CHROs also indicated that employees seem to be the stakeholder group exerting the greatest pressure for companies to engage around divisive sociopolitical issues. Finally, most companies reported that they expect to stay the same or reduce the frequency with which they seek to engage publicly around controversial topics.

The *Dobbs v. Jackson* case provided a recent example of a concrete, high-profile issue that prompted many companies to engage, so we asked CHROs to report how they responded to the Supreme Court’s decision. Our results indicate that companies were far more likely to issue internal statements than external statements, and those statements often emphasized existing commitment to and resources for women’s health services. Companies that issued such responses most frequently did so within the first 3 days after the Supreme Court’s decision was announced, demonstrating a balance of commitment to this issue but with some caution. In contrast, external statements were either immediate, asserting these companies’ strong commitment to the issue, or delayed 4 or more days, perhaps signaling responses formulated in response to pressures placed on the company to say something.

The 2023 HR@Moore Survey of CHROs sought to examine how CEOs, CHROs, and organizations are attempting to thread the needle between accommodating employees and other stakeholder groups who want companies to be publicly vocal around sociopolitical issues while avoiding potential blowback from others who may be more reluctant. We explored how they go about deciding whether or not to take a stand, who is involved in the decision, and how they see these decisions going forward. In addition, we asked whether the need for CEOs to walk this tightrope is impacting the kinds of competencies being evaluated among potential successors. Finally, we explored the specifics of how companies responded to a recent sociopolitical issue with the Supreme Court’s *Dobbs* decision overturning *Roe v. Wade*.



INTRODUCTION

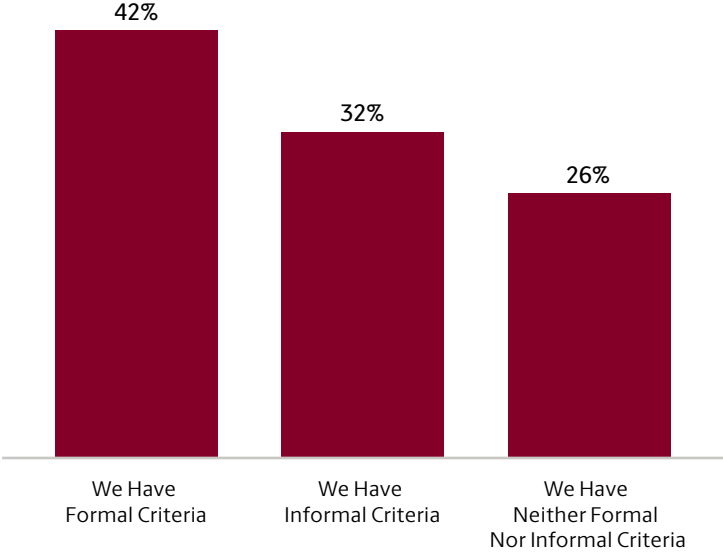
The political landscape facing organizations and CEOs has become perilous. The narrative emerging from some studies and dialogue in the popular press is that stakeholders increasingly want companies to take public stands on sociopolitical issues, largely because businesses remain one of the most trusted institutions in society today (Edelman Trust Barometer, 2022). Employees, in particular, appear to increasingly express a desire to see their leaders publicly engage around political and cultural issues.

How Companies Decide When to Take a Public Stance

CHROs were asked to indicate, first, if their company had formal, informal, or no criteria for deciding whether or not the CEO should take a stand. As can be seen in **Figure 1**, 42% indicated their company had formal criteria, 32% informal criteria, and 26% neither formal nor informal criteria. These latter results seem rather troubling for these companies given the potential landmines that exist in today’s sociopolitical landscape. Companies who lack criteria for determining whether to take a stand may rush to engage in an issue they are ill-equipped to address or should otherwise avoid, or, conversely may cause them to miss out on an issue that is core to their stakeholder relationships. At a minimum, it would seem valuable for all executive leadership teams to build a structure designed to assess when and how the company should respond to emerging sociopolitical issues that may affect the organization.

Figure 1

Use of criteria for determining whether the CEO should take a public stance on a given sociopolitical issue.

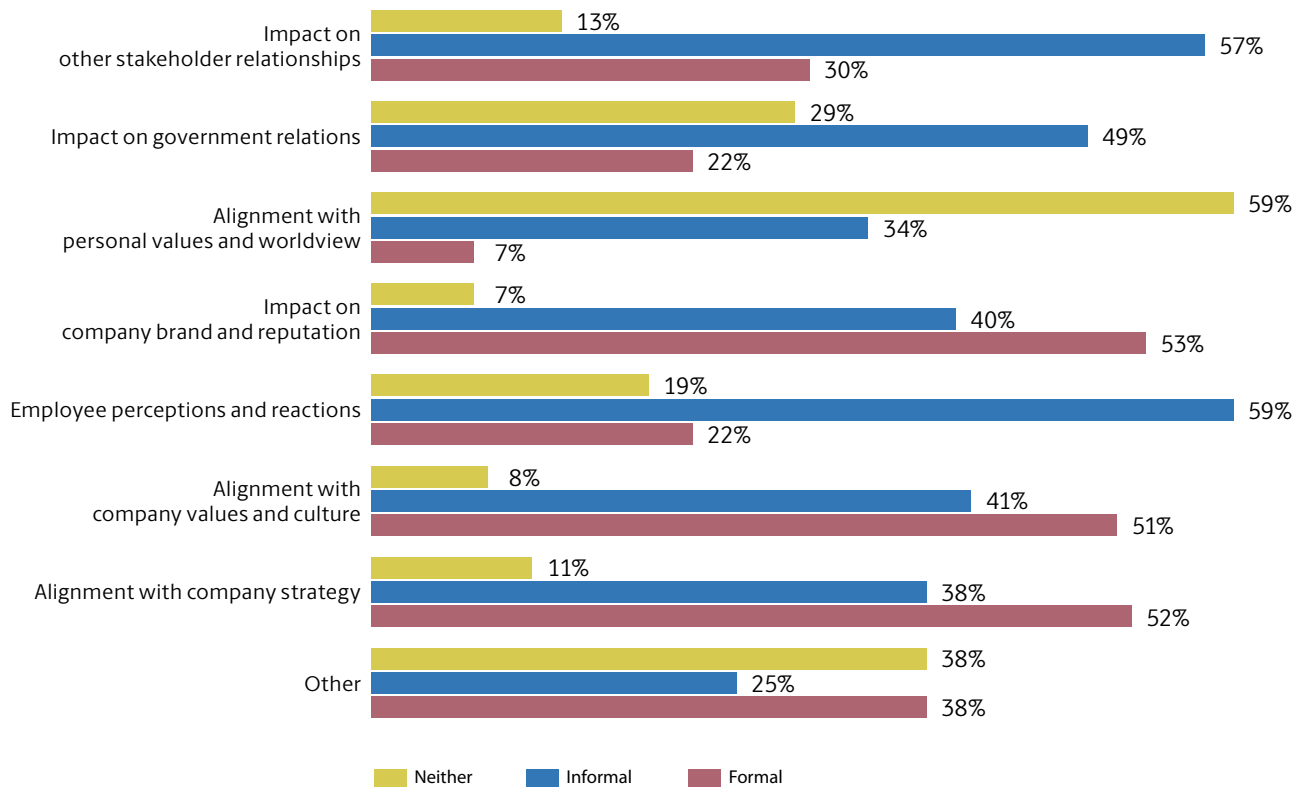


For those that reported having either formal or informal criteria, we then provided a series of potential criteria that could be used in determining whether or not the CEO would take a public stance on a particular sociopolitical issue and asked whether each was included in their set of criteria. These results are displayed in **Figure 2**.



Figure 2

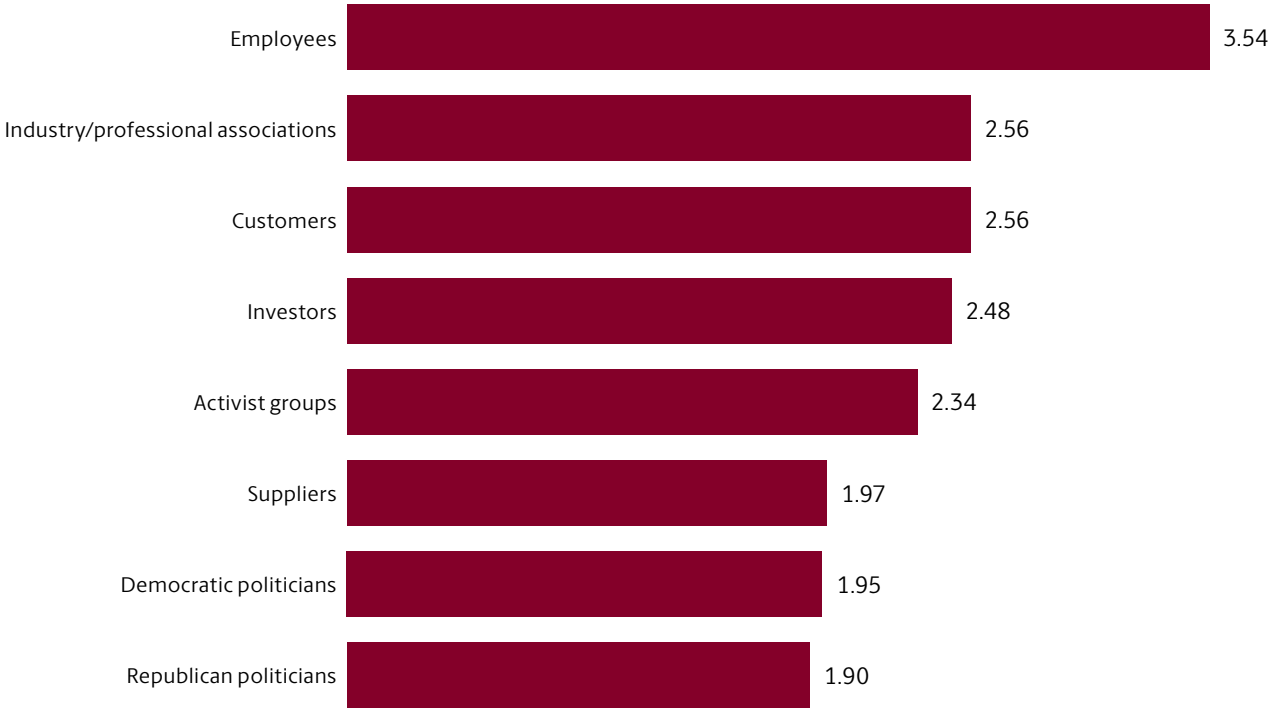
Criteria used for determining if the CEO will take a public stance



These results show a relatively clear theme. Companies were highly likely to weigh “Alignment with Company Strategy” (52% formal/38% informal), “Alignment with Company Values” (51%/41%), and “Impact on Company Brand and Reputation” (53%/40%) as formal and informal criteria. The rest of the criteria were far more likely to be considered informally, such as “Employee Perceptions and Reactions” (22% Formal/59% Informal), “Impact on Other Stakeholders” (30%/57%), and “Impact on Government Relations” (22%/49%). Not surprisingly, the least considered criteria was the “Alignment with the CEO’s Personal Values/Beliefs” (7%/34%).

Given the increasing expectation that stakeholders demand companies communicate public stands on sociopolitical issues, we asked CHROs to indicate the extent to which stakeholder groups are putting pressure on companies/CEOs to do so. **Figure 3** displays these results.

Figure 3
 Groups influencing the company/CEO to take a public stance

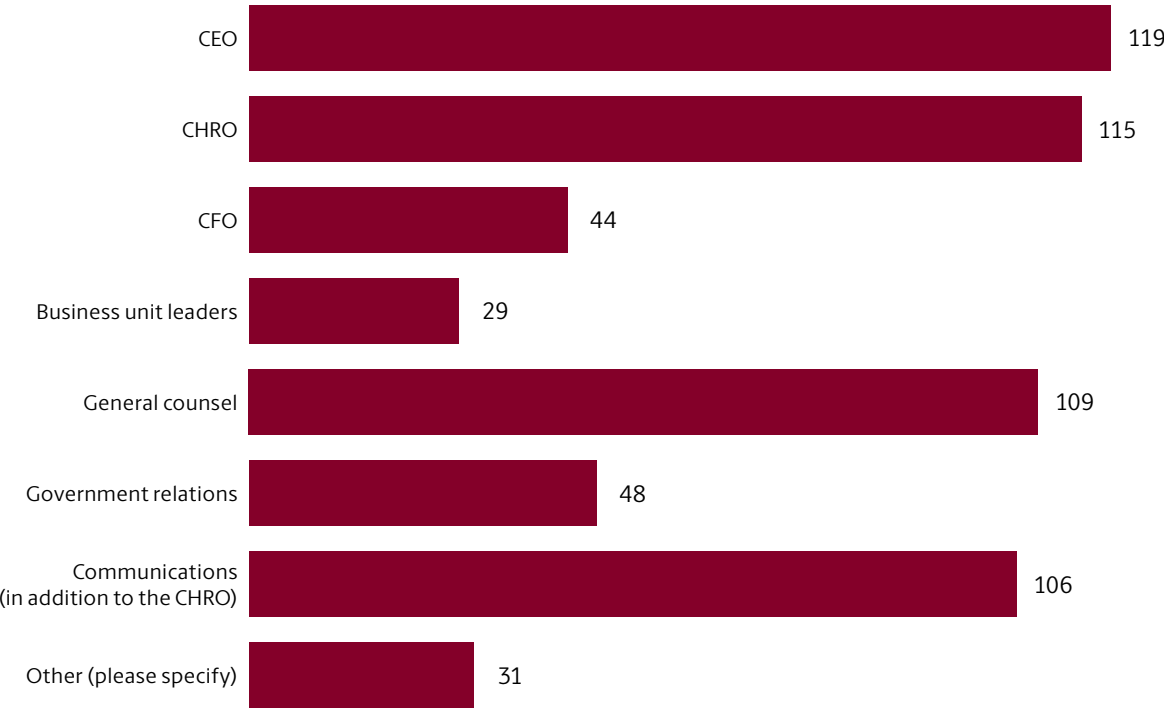


These results indicate that by far CHROs perceive that the greatest pressure comes from employees (3.54) followed by industry/professional associations (2.56), customers (2.56), and investors (2.48). Little pressure comes from other groups such as suppliers (1.97), and politicians (1.95 and 1.90 for Democrats and Republicans, respectively). Interestingly, while the pressure was minor, that exerted by Democratic versus Republican politicians was indistinguishable.

In terms of process, we asked CHROs to report who (i.e., which roles) are involved in their companies' decisions about taking public sociopolitical stances. These results are shown in **Figure 4**.

Figure 4

Those involved in determining whether the CEO should take a public stance on a sociopolitical issue





This figure shows that four roles unsurprisingly dominate these decisions: CEOs (119), CHROs (115), General Counsels (109), and Communications (106). The similarity of the numbers suggests this seems to be the common model to include those 4 roles. Given the nature of such responses, these four roles seem appropriate in order to craft a message that communicates the issue clearly to appropriate and affected stakeholders, limits potential legal liabilities, and is consistent with the organization's values and purpose as intended by leadership. This stands in

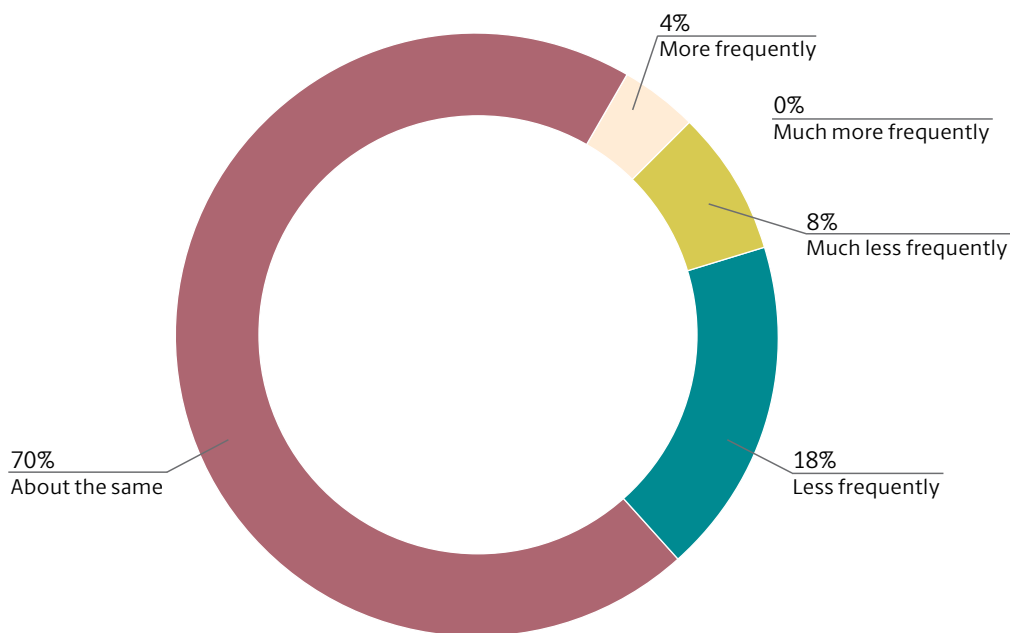
contrast to Government Relations (48), CFOs (44), and Business Unit Leaders (29) who perhaps have less to contribute to these decisions and are therefore far less frequently involved in these decisions.

These results are supported by the answers we received from an open-ended question asking CHROs to describe the process they use. In coding the responses, 32 mentioned using some form of criteria and 43 did not mention any criteria (this does not mean they did not have them; only that they did not mention them in describing their process). Of those that mentioned criteria, the vast majority (27) described a team (including the CEO) process for evaluating the decision, 4 described a separate team that made a recommendation to the CEO, and one where the CEO told the team what criteria his/her decision was based on. Of those who did not mention criteria, a majority (28) described a team process including the CEO. However, 14 described a process involving an independent team that makes a recommendation to the CEO and one a process where the CEO decides and informs the team. Also among those not mentioning criteria, 2 CHROs noted that there was no process, whereas 8 CHROs noted that they have a blanket policy of not making statements.

Finally, given the conflicting pressures to companies that are often inherent to current political and cultural debates, we asked CHROs to indicate how frequently they thought their companies would engage in such issues going forward. The results in **Figure 5** indicate that they believe it will stay the same (70%) or decrease (26%) with only 4% indicating it would increase.

Figure 5

Extent to which CEO/company will take public stances on sociopolitical issues going forward



In summary, most companies have developed either formal or informal criteria to help them evaluate whether or not to take a public position on some divisive sociopolitical issue. In general, the most important criteria revolve around whether the issue is aligned with the strategy, values, and reputation of the company. In addition, employees seem to be the stakeholder group exerting the greatest pressure for companies to engage. The four roles that seem most responsible for making the decision on whether to make a position public are the CEO, CHRO, Chief Legal Counsel, and Communications. Finally, companies seem to expect to stay the same or reduce the frequency with which they seek to engage publicly around controversial topics.

Impact of Sociopolitical Demands on CEO Succession

Because the landscape for companies has changed regarding sociopolitical issues, increasing the potential challenges facing CEOs in this arena, we asked CHROs how these increasing demands have impacted the skill requirements of CEOs going forward. This open-ended question resulted in a scattered array of responses. The most frequently mentioned skill was around communication (14), followed by stakeholder management (10). CHROs also noted increased empathy and vulnerability (7), a “balanced” (presumably balancing needs of different stakeholders, but not specified) view (7), and an understanding of how such issues can impact the business (5). On the other hand, 8 CHROs specifically stated that this new challenge has not changed the CEO profile at all as the skills necessary to deal with these issues are consistent with the skills CEOs have long needed.

A Real Example: The Supreme Court’s Dobbs Decision

In June of 2022 the U.S. Supreme Court issued the *Dobbs v. Jackson* decision overturning the previous *Roe v. Wade* decision that had declared that abortion was a constitutional right. The Dobbs decision granted states the authority to determine the legality of issues related to abortion. The decision presented an ideal issue for exploring how companies approached decisions regarding taking public stances on sociopolitical issues for a few reasons. First, the decision was highly polarizing and garnered tremendous media coverage and public debate, which set the stage for many companies to feel compelled to engage in the topic in some way. Second, the issue, even if impactful to some stakeholders personally, is only tangentially related to most companies’ primary business. Finally, the draft decision was leaked several weeks prior to the final decision, which gave companies the chance to discuss potential responses in advance and be prepared to respond to the official ruling quickly. Thus, we asked CHROs to describe how their companies approached decisions regarding external and internal communications related to the Dobbs decision.

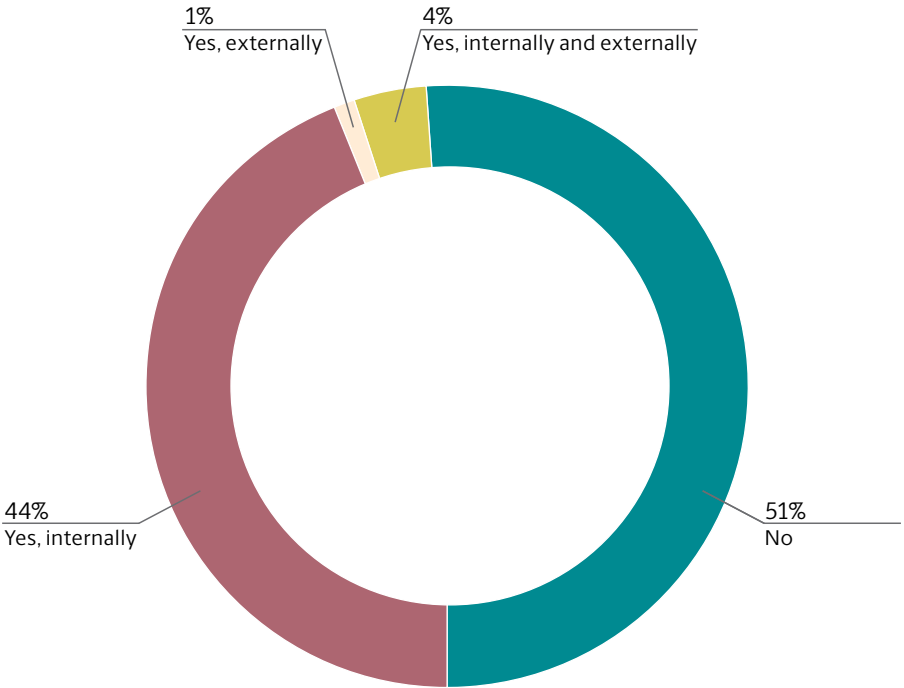
CHROs first reported whether or not their company made a statement regarding the



Dobbs decision. As can be seen in **Figure 6**, a slight majority (51%) did not make a statement, 44% made only an internal statement to employees, and only 4% made both an internal and external statement. In total only 5% of those responding (7 out of 115) made an external statement suggesting a reluctance to become publicly involved in the ensuing debate. It is highly possible that companies who issued internal statements believed their statements would be shared externally by employees and treated the communication as such; however, the specific decision to focus the statement internally in many cases is interesting as it indicates a desire for most companies who engaged to do so specifically with employees rather than directly signaling their intentions, actions, and beliefs externally.

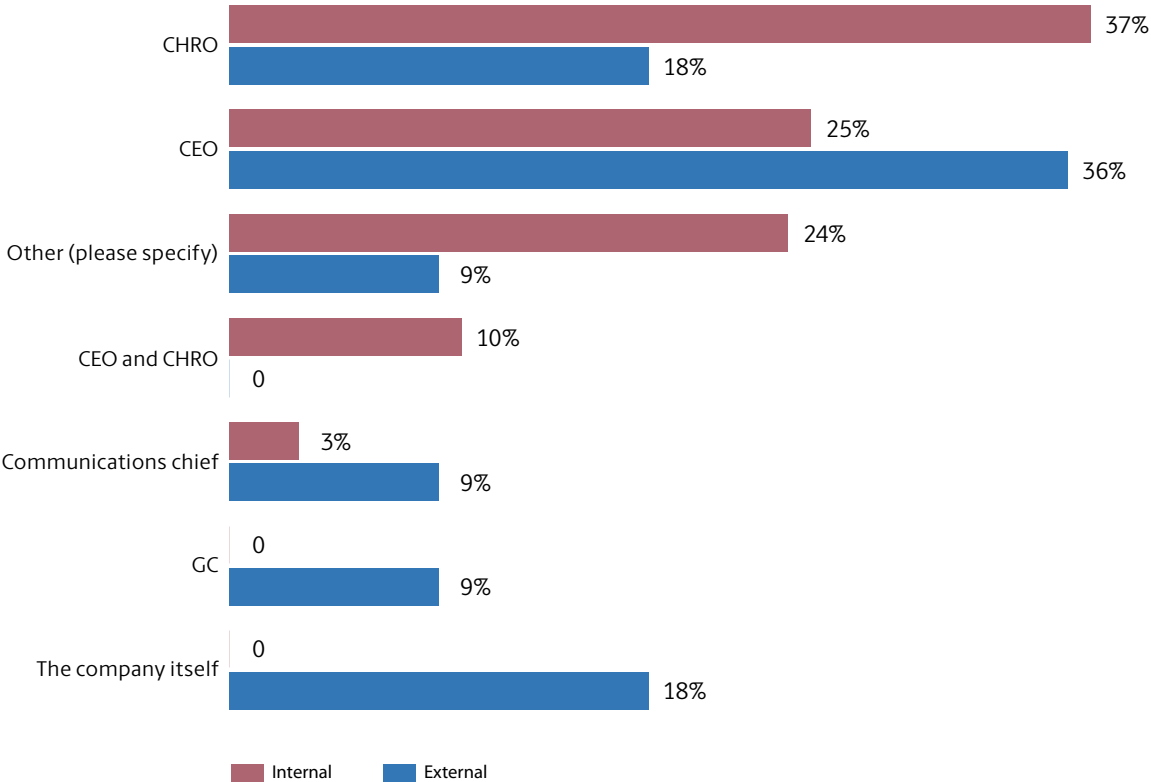
Figure 6

Did companies issue a statement regarding the *Dobbs v. Jackson* decision?



We asked CHROs to indicate who the statement came from. As can be seen in **Figure 7**, the CHRO (37%) was the most frequent issuer of the internal statement followed by the CEO (25%) or an “Other” executive (24%). Of this “Other” category, we found “the entire executive leadership team” to be the most frequently mentioned. On the other hand, in the few cases where companies issued an external statement, it most frequently came from the CEO (36%), followed by the CHRO or the company itself (both 18%). Because the most direct impact of the consequences of the Dobbs decision relate to women employees’ access to abortion services as part of the company’s health insurance plan, it is not surprising that the internal statements more frequently came from the CHRO. In contrast, external statements comprised more of a public stand, thus highlighting the CEO as the main spokesperson for the company.

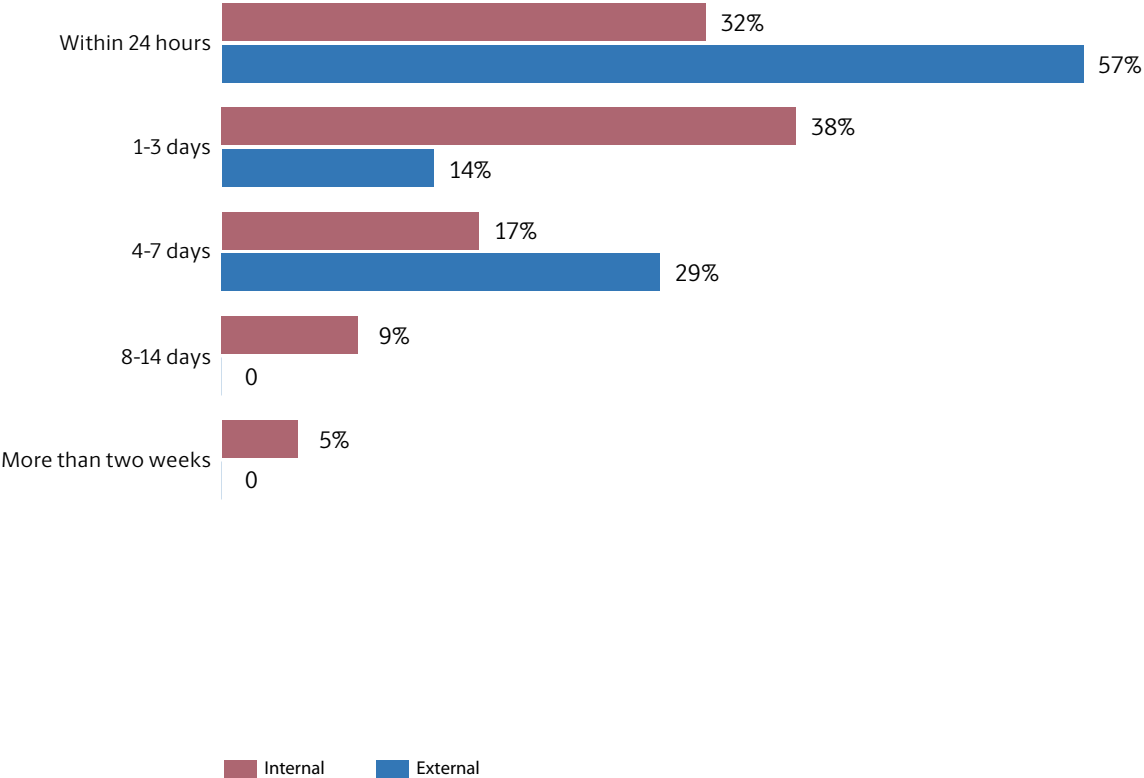
Figure 7
Roles engaged in communicating the statement internally and externally



We also asked how quickly after the Dobbs decision companies made their statements. On the one hand, issuing immediate statements can indicate the company's commitment to leading on the issue. However, doing so before other companies have or have not reacted also raises potential risks that the company could be standing alone if there was significant blowback. As noted earlier, companies also potentially had time to prepare due to the previously leaked decision. **Figure 8** displays the results.

Figure 8

To the best of your recollection, how quickly after the final ruling was issued (Friday, June 24, 2022) was your statement communicated?

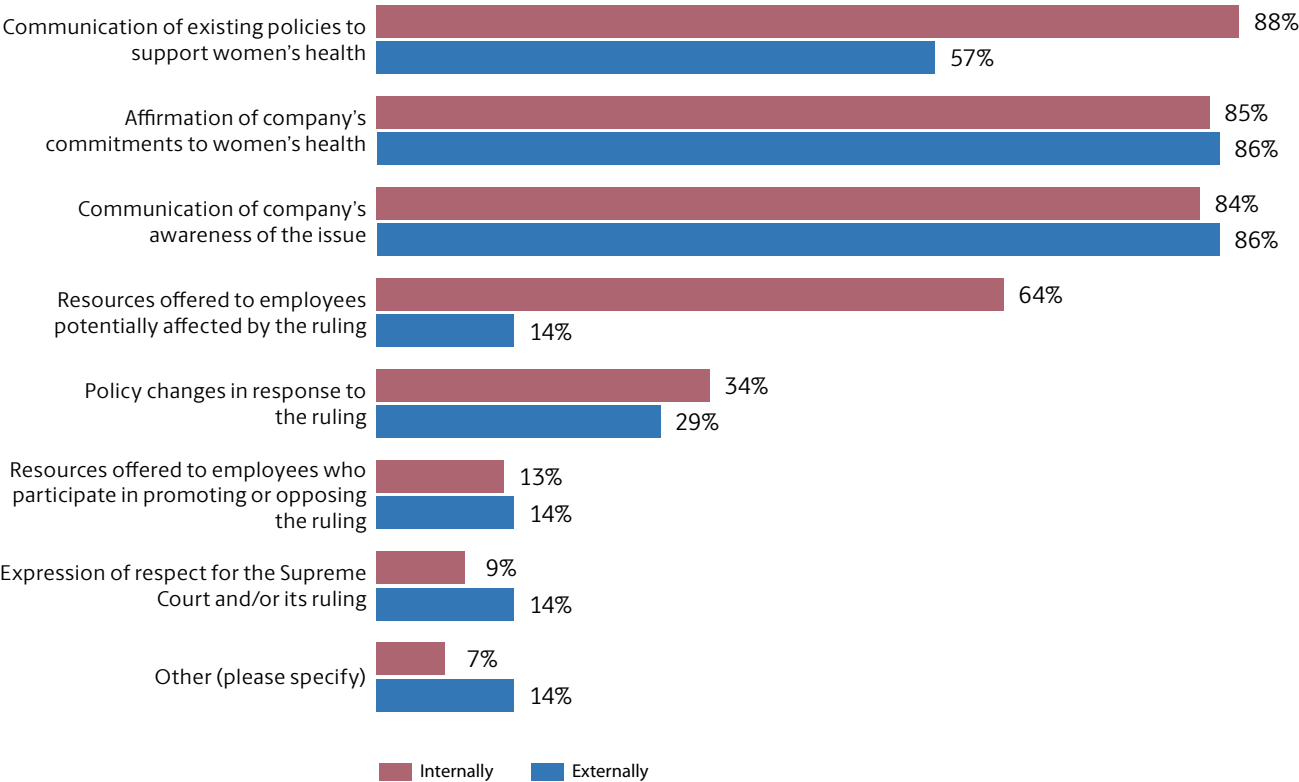


Roughly one-third of companies issued immediate internal statements within 24 hours of the decision. A slightly greater percentage (38%) issued statements 1-3 days following the decision, indicating a desire to respond quickly but with some caution. Given that the Dobbs decision was released on a Friday (June 24, 2022), 1-3 days also allowed a measured response over the weekend that did not potentially impact business days. Those who waited 4-7 days (17%), 8-14 days (9%) or more than two weeks (5%) may have been more heavily influenced by demands from employees to respond to the decision. Interestingly this contrasts with the external statements, most of which were immediate (57% within 24 hours) or delayed (29% 4-7 days later), respectively indicating either true commitment to the issue or a response necessitated by internal and/or external pressure.

Part of our research team read some publicly-available statements issued by companies (both internal and external) and identified some of the major elements articulated in those statement. We asked CHROs to indicate which elements were part of their statements and these results are shown in **Figure 9**.

Figure 9

Which of the following elements were present in your statement?

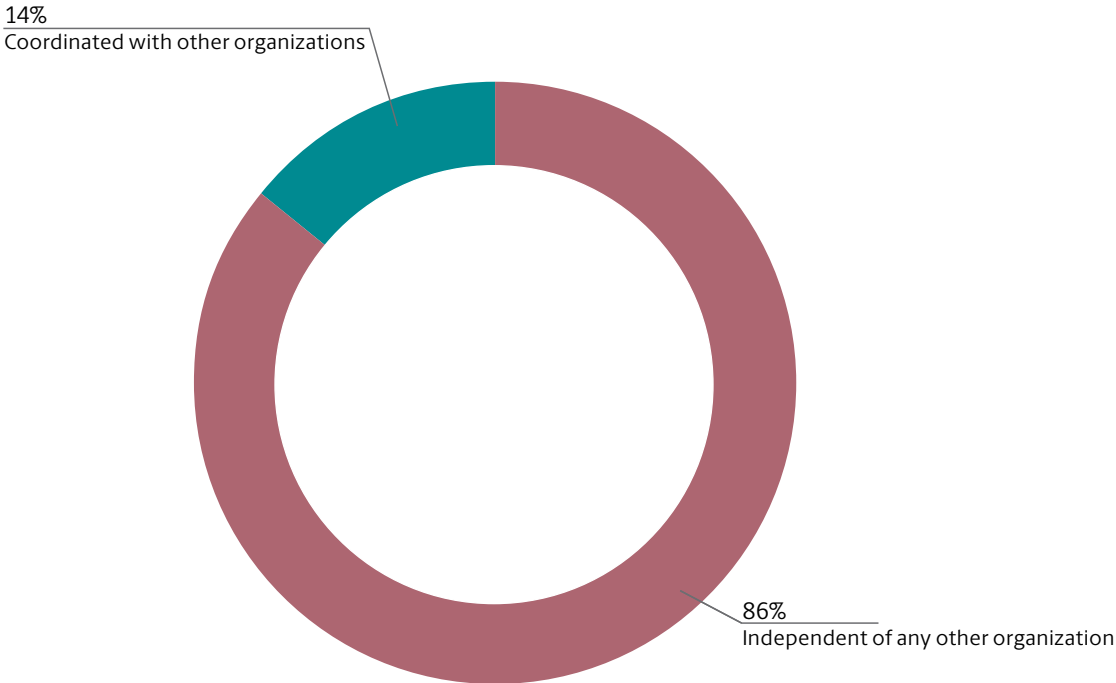


As can be seen, the internal communications consistently articulated 3 themes: communicating existing policies to support women’s health (88%), affirmation of the company’s commitment to women’s health (85%) and an awareness of the issue (84%). In addition, 64% communicated resources offered to employees potentially affected by the ruling. This contrasted slightly with the (again) few external statements, which also tended to emphasize awareness of the issue and the company’s commitment to women’s health (both 86%), but were far less likely to discuss existing policies to support women’s health (57%), policy changes in response to the decision (29%), and resources offered to employees affected by the decision (14%).

Finally, our work with companies suggests that many have taken a blanket position to avoid taking independent stands, but rather defer to larger consortia of organizations such as the Business Roundtable. Thus, we asked if companies’ external statements were made independently or as part of a larger group of organizations. Interestingly, **Figure 10** shows that, again while few, companies were far more likely to make independent statements (86%) than to rely on consortia of multiple companies.

Figure 10

External statement issued independently vs. as part of a coordinated group of other organizations





SUMMARY

In summary, the Dobbs decision provided an example where companies could choose to take public internal and/or external stands. Our results indicate that they were far more likely to issue internal statements and did so to emphasize their existing commitment to and resources for women's health services. They were also much more likely to issue these internal statements within the first 3 days. In contrast, external statements were far less frequently but done so either immediately or delayed past 4 days, the latter approach likely in response to pressures to say something.

Beyond the Data: The CES Perspective

The data from this survey provides insights regarding how companies might best navigate the landscape of a politically divided world with multiple groups asking them to take public stands. We suggest the following recommendations:

Have a Plan

The worst place a company can be when asked to take a stand on an issue is in reaction mode. Companies need to develop a thorough process for how to (a) surface issues to be considered, (b) evaluate whether or not to take a public stand (either internally or externally) on that issue, and (c) communicate either the stand or why the decision was made to remain silent on the issue. Having a plan can also enable a more well-thought-out, quicker response, which may be beneficial to quell stakeholder concerns that immediately arise.

Develop and Communicate Criteria

We were surprised that only around half of the CHROs surveyed indicated that they had formal criteria to use in evaluating whether or not to take a public stand on a sociopolitical issue. Returning to the previous point, absent formal criteria, decision makers must act in reactive, rather than proactive ways to come to the decision and this may lead to emotion and personal preferences influencing the decision. Then once the decision is made, they may leave themselves open to accusations of inconsistency because different criteria may appear or be weighted differently on later decisions. Having clear, consistent criteria for when companies respond makes the decision clearer and easier to communicate to stakeholders, particularly employees, which can increase transparency and trust.

Involve the Right People

A number of CHROs described having a “council” to discuss and either decide or recommend a course of action when confronted with calls to make public stands on sociopolitical issues. As our results show, this group often consists of the CEO, CHRO, General Counsel, and Communication but can entail a broader group of executives. At a minimum, however, having those with knowledge of how





stakeholders might react as well as any potential legal considerations need to be part of the decision-making process. We do not believe that, given the potential negative repercussions of making a public statement, such decisions should be left to one individual, even the CEO. While the CEO may act as the final decision-maker, such a decision is best made after considering the previously defined criteria and with considerable input from other C-suite executives.

Communication is Key, Even When Staying Silent

On some issues employees and other stakeholders may ask for or even demand a public statement. If the company decides to make a statement, how and when the statement is made provides important signals. More specific statements (e.g., “We believe the Georgia Voting Rights Bill is unacceptable”) make the company’s stance clear but are also more likely to elicit both positive and negative reactions. More general statements (e.g., “We believe that voting should be easy and accessible for all legal voters.”), in contrast, may be less controversial even if unsatisfying to stakeholders wanting a clearer response. The timing of these statements can also be crucial, as quick statements signal the importance of the issue to the company but can back the company into a position they may later come to regret. On the other hand, delayed statements may allow for more thoughtful analysis but also allow stakeholders to develop their own interpretation of the company’s position on this issue or its reason for delaying, which can be difficult for companies to counter. An iterative approach where companies quickly reiterate their core values as they relate to the issue, but wait to weigh in more specifically on the event at hand or any changes to company policy, may allow them to strike the right balance. Finally, when deciding not to make a statement, one should be prepared with a clear response when asked by any stakeholders as to why the decision was made not to speak out.

Consider the Potential Costs

The research on sociopolitical activism tends to show that in the current politically divided world, companies that take public stands (whether left or right) tend to get positive reactions from those that agree but negative reactions from those that disagree. In other words, making statement on sociopolitical



issues has both benefits and costs, and companies need to consider both. As one CHRO has told us “Half my employees are left, half are right. Half my customers are left, half are right. As soon as I take a stand, I anger half my employees and half my customers.”

Consider Separating Responses to Events from Taking Stands

The decision to take a stand for or against a sociopolitical event, such as a Supreme Court ruling, new legislation, or significant societal events, is important as the company risks inserting its beliefs that might incur significant costs. Even when deciding not to take a stand on an issue, companies can often benefit in building stakeholder trust when responding to such events. Our data shows that companies most often responded to the *Dobbs v. Jackson* decision by illustrating compassion, altering internal policies, and committing potential resources to effected employees. In this fashion, companies can utilize their own internal statement to reaffirm their values and commitment to employees, recognize the impact of the significant sociopolitical event, while reducing the risk of alienating stakeholders.

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In 1998, the school was named for South Carolina native Darla Moore, making the University of South Carolina the first major university to name its business school after a woman.



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