

MAINTAINING WORKPLACE CULTURE

in a Time of Uncertainty, Change, and Division



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EXECUTIVE SUMMARY

The 2024 HR@Moore Survey of Chief Human Resource Officers asked CHROs about highly salient issues in the current environment which might serve as potential threats to their company's culture. The survey particularly focused on the economic, technological, and geopolitical/political threats. Our results suggest that while none of the threats are broadly perceived by CHROs as major threats to organizational culture, economic uncertainty and technological disruptions are seen as the most important threats.

In addition, while CHROs shared some specific actions they are taking to neutralize what they perceived as the most critical threat, in general they are not extremely proactive in managing these potential threats. CHROs reported they were not engaging in many formal policies for managing potential conflicts that may arise from these external issues. In addition, CHROs characterized their typical climate for conflict as encouraging employees to examine an issue from all sides before coming to a conclusion, which perhaps may help stem any disruptions that may otherwise occur as a result of these environmental issues.

We discuss the implications of these results.



INTRODUCTION

A number of highly divisive events and issues have emerged on the global stage in recent years. Wars in Ukraine and Gaza, escalating tensions between China and Taiwan, and a host of other geopolitical issues have ignited contentious debate and protest around the globe. In the United States, the coming Presidential election features two candidates with widely divergent political agendas that threaten to further divide an already polarized American electorate. Finally, economic (e.g., inflation, interest rises) and technological advances (e.g., generative artificial intelligence or GenAI) threaten to disrupt the future of work, creating anxiety among the workforce. These divisive issues can result in polarized factions, threaten friendships and endanger family unity.

Most importantly from the standpoint of organizations, these divisive issues may result in conflicts which spill over into the workplace. If managed well, organizations can exemplify cultures that promote diversity of thought while building unity of purpose. If not managed well, organizations may experience a level of conflict and division that threatens the powerful cultures they have worked hard to create. Thus, the 2024 HR@Moore Survey of Chief Human Resource Officers (CHROs) sought to explore the extent to which a number of environmental issues may threaten organizational cultures and what CHROs are doing or plan on doing to manage the potential for dysfunctional conflict in the workplace.



The survey was sent to approximately 400 CHROs in April/May of 2024 with over 150 responding. The survey covered a number of topics including the CHRO role, various aspects of how they address particular talent challenges, and some issues regarding CEO succession. This report focuses on the potential for conflict between employees and the strategies for managing these conflicts in the workplace.

Potential Threats to Culture

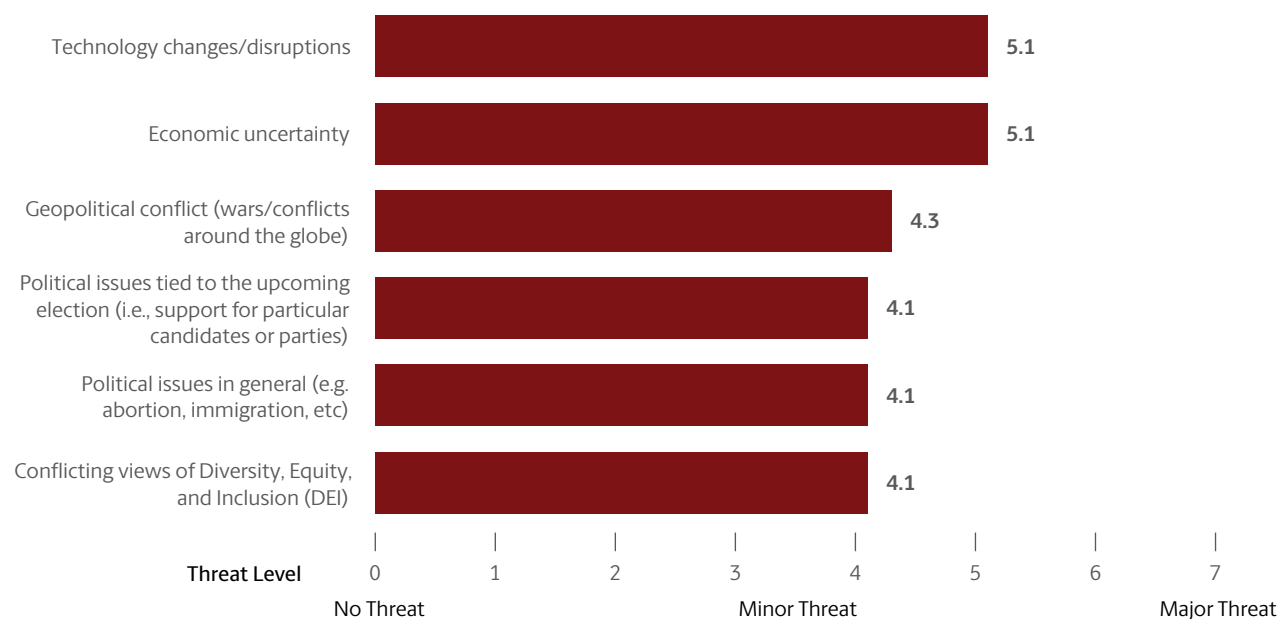
CHROs were asked to indicate the extent to which they anticipated a variety of issues being a potential threat to their culture over the next 12-18 months. This timeframe was chosen because we anticipated (based on input from CHROs) that the upcoming election (especially the Presidential election) in the U.S. might heighten the potential for divisive discussions in the workplace. In addition, given the inescapable press regarding such issues as the Israel-Gaza conflict and Gen AI, we included a range of issues to examine the degree to which CHROs view them as potential threats to their organizations.

As can be seen in **Figure 1**, CHROs anticipate that the greatest threats to culture are disruptive technological innovations and economic uncertainty, likely because both are linked to employees' potential anxiety regarding job loss. However, the average ratings of these threats was just over 5 on a 7-point scale, greater than a "minor" threat (4) but certainly not rising to a "major" one (7). Other issues (geopolitical conflicts, the U.S. election, hot button political topics, and DEI issues) scored lower, nearing an average score of 4, clearly deemed to be minor threats on average. In other words, CHROs do not seem to exhibit universal concern regarding the potential for these environmental issues to result in conflict in the workplace.

However, we must note that many CHROs are indeed seriously concerned about at least some of these issues. In fact, 40% rated technology and 32% rated economic uncertainty as major threats (i.e., either a 6 or 7 on the rating scale). Similarly, 21% rated geopolitical conflict, 20% rated election politics, 9% rated general politics, and

Figure 1

Anticipated Threats to Company Culture Over the Next 12-18 Months



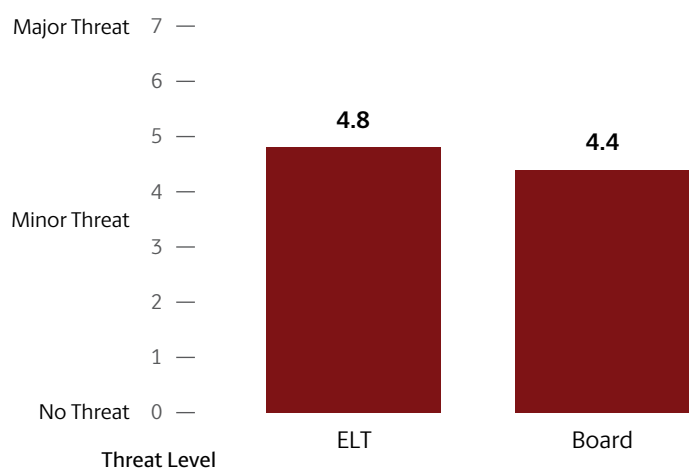
13% rated DEI as major potential threats to their company's culture. Our survey does not allow us to determine if these responses represent unique company circumstances such that some companies face great threats from technology changes/disruptions and other companies more from political division. In addition, time will tell whether the responses reflect CHROs with heightened sensitivity and foresight regarding upcoming conflicts, or simply extreme unfounded paranoia.



These quantitative results diverged slightly from the open-ended responses to our question about which potential threat to organizational culture worries them most and what they are doing to neutralize that threat. We used ChatGPT to analyze the open-ended questions and found that, similar to the previous question, economic uncertainty gained the most frequent mentions being pointed to by 32 of the CHROs. This was followed by Geopolitical and political issues (29 mentions), Technology (26), DEI (22), and Business and Competitive Pressures (14).

In addition, we asked the extent to which the Executive Leadership Team (ELT) and Board of Directors (BOD) were having discussions regarding these threats to the culture. The results displayed in **Figure 2** seem to show that the ELT is slightly more active in discussing these issues than the BOD, but that both only view them as minor threats. Again, a subset indicated that the ELT (33%) and BOD (25%) were having discussions regarding them as major threats.

Figure 2
Extent to Which ELT and Board View These as Potential Threats to Culture



Dealing with Conflict

As previously discussed, we asked CHROs and what they were doing to neutralize those issues which worried them most. We display the summary of these responses (based on ChatGPT analysis) in **Table 1**. This table presents both the results discussed above and the more specific neutralization strategies tied to those issues. In addition, **Table 2** provides specific quotes from CHRO regarding their approach to neutralize these issues.

Table 1 Summary of Culture Threats and Solutions (153 CHROs).
Geopolitical and Political Issues (mentioned 33 times): <ul style="list-style-type: none">• Worries about geopolitical unrest, particularly in Asia, and political polarization affecting the workforce.• Strategies: Scenario planning, reinforcing company values, and establishing guidelines for addressing political and social issues internally.
Economic Uncertainty (mentioned 32 times): <ul style="list-style-type: none">• Many CHROs worry about economic instability impacting business decisions and company performance.• Strategies: Holding operating expenses and headcount flat, diversifying into less volatile markets, and developing contingency plans for downturns.
Technological Advancements (mentioned 26 times): <ul style="list-style-type: none">• Concerns about the impact of technology, AI, and digital transformation on the workforce and company culture.• Strategies: Developing technology roadmaps, reskilling employees, partnering with IT, and launching change management initiatives
Diversity, Equity, and Inclusion (DEI) (mentioned 22 times): <ul style="list-style-type: none">• Fears of backlash and conflicting views on DEI initiatives impacting employee morale and culture.• Strategies: Continuing to celebrate DEI successes, refining DEI strategies, focusing on inclusion for all, and managing internal communications carefully.
Business and Competitive Pressures (mentioned 14 times): <ul style="list-style-type: none">• Anxiety over economic disruption, customer loss, and changes in consumer spending habits.• Strategies: Keeping expenses under control, engaging employees positively, and focusing on growth with new clients.
Internal Resistance and Cultural Change (mentioned 8 times): <ul style="list-style-type: none">• Challenges in adapting to new technologies and operating models.• Strategies: Using change management consultants, focusing on automation and AI, and involving employees in culture transformation feedback.
Stress and Mental Health (mentioned 1 time): <ul style="list-style-type: none">• Concerns about employee stress levels impacting overall culture.• Strategies: Proactive stress management and mental health support.

Table 2 | Specific Examples of Concerns/Solutions Expressed by CHROs

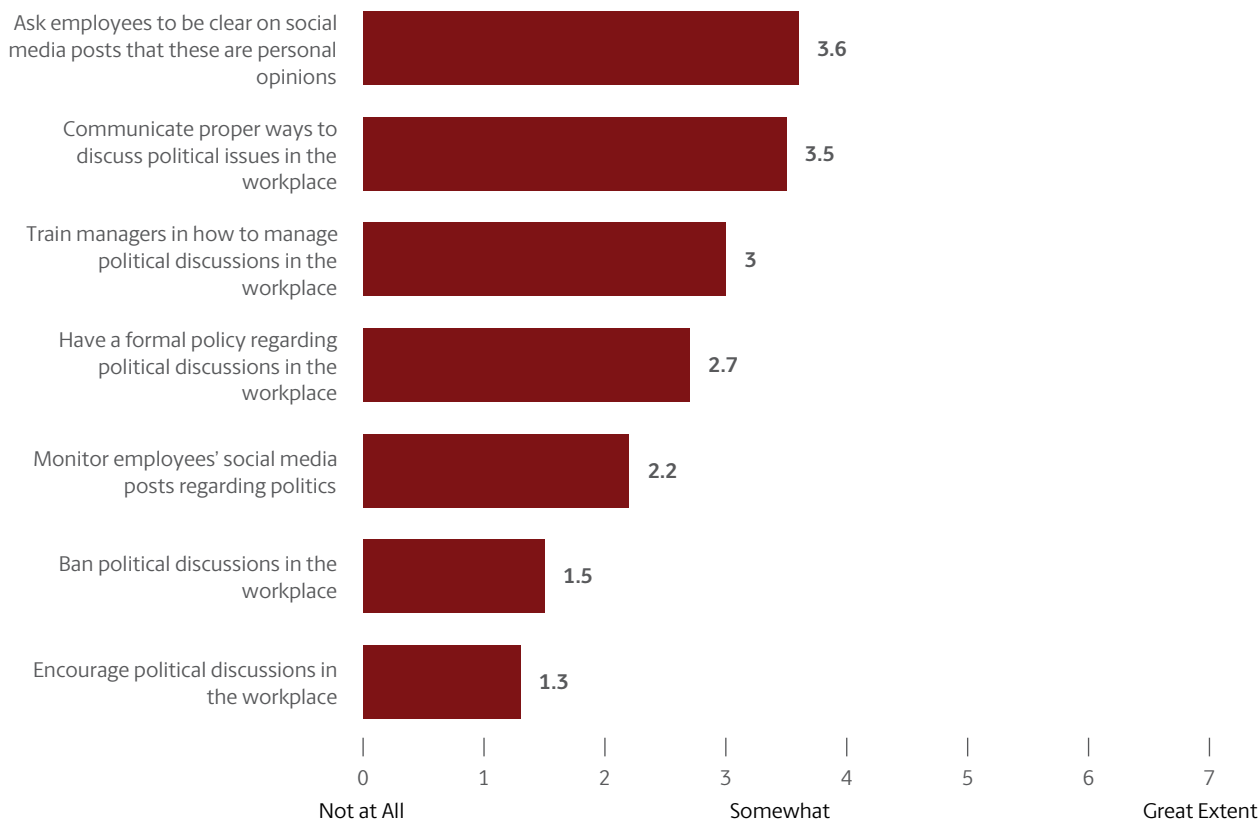
- Backlash on DEI and related topics; we are establishing our POV on how to discuss these topics, accountabilities of employees to be respectful and inclusive; tactically what we will allow on internal comms channels.
- Worried most about economic uncertainty: developing tough plans in the event of downturns but trying to maintain positive engagement efforts at the same time.
- Political issues due to the election and DEI - we are revamping our DEI strategy to not focus on singling out groups but to focus on doing the right thing for all people in the company - we have strong opposition in some part of our organization to any DEI efforts so focusing this way helps bring them along.
- Economic and technology uncertainty and its impact on job security. Embracing a growth mindset teaching digital fluency.
- Resist populist temptation for leadership to take stances on social issues -- country is divided on many things organically. Why exacerbate division within your company?
- We have been proactive in reinforcing our company values, behavior expectations - talking WITH not AT employees.
- Most concerned about geopolitical unrest. As a global company with employees in parts of the country/ world that sit on opposite sides of the political spectrum, I observe an expectation that the company will weigh in on these topics in a way I've not seen before.
- Technological changes and trying to stay informed by partnering cross-functionally with IT and the business to determine talent impacts across the employee lifecycle.
- Geopolitical---in a global company how to manage the business risks and the differences among our employee populations. Significant work is being done on business continuity plans and draft messages and plans in various scenarios.
- Technology changing the nature of employees' roles and the resulting reskilling/outplacement.
- Tech disruptions cause a good deal of negative engagement and apathy; working hard to stay out ahead of that with our Tech Officer.
- Economic uncertainty is clearly the number 1 threat for my company. We are communicating with employees about our financial position and the steps we are taking to be successful in any future scenario.

Managing Potential Political Discussions

In addition to the information provided above, we also asked about ways in which companies might try to manage potential conflict in the workplace. We first focused on any policies organizations might have in place that would govern how and what people say in the workplace and on social media. These results are presented in **Figure 3**.

Overall, these results suggest that companies primarily take a “hands off” approach to managing conversations and communications of political views both in the workplace and on social media. As can be seen in the figure, all items remain below 4 on the 7-point scale, suggesting that broadly companies are “somewhat” engaged in managing employees’ political expression in this manner. At most they ask employees to be clear on social media posts that they are expressing personal opinions and communicate to employees the proper ways to discuss political issues in the workplace. There seem to be some efforts to train managers in how to manage such discussions and have formal policies for such discussions. Consistent with the ‘hands off’ approach, there is very little effort to monitor employees’ social media posts and virtually no effort to either ban or encourage political discussions in the workplace.

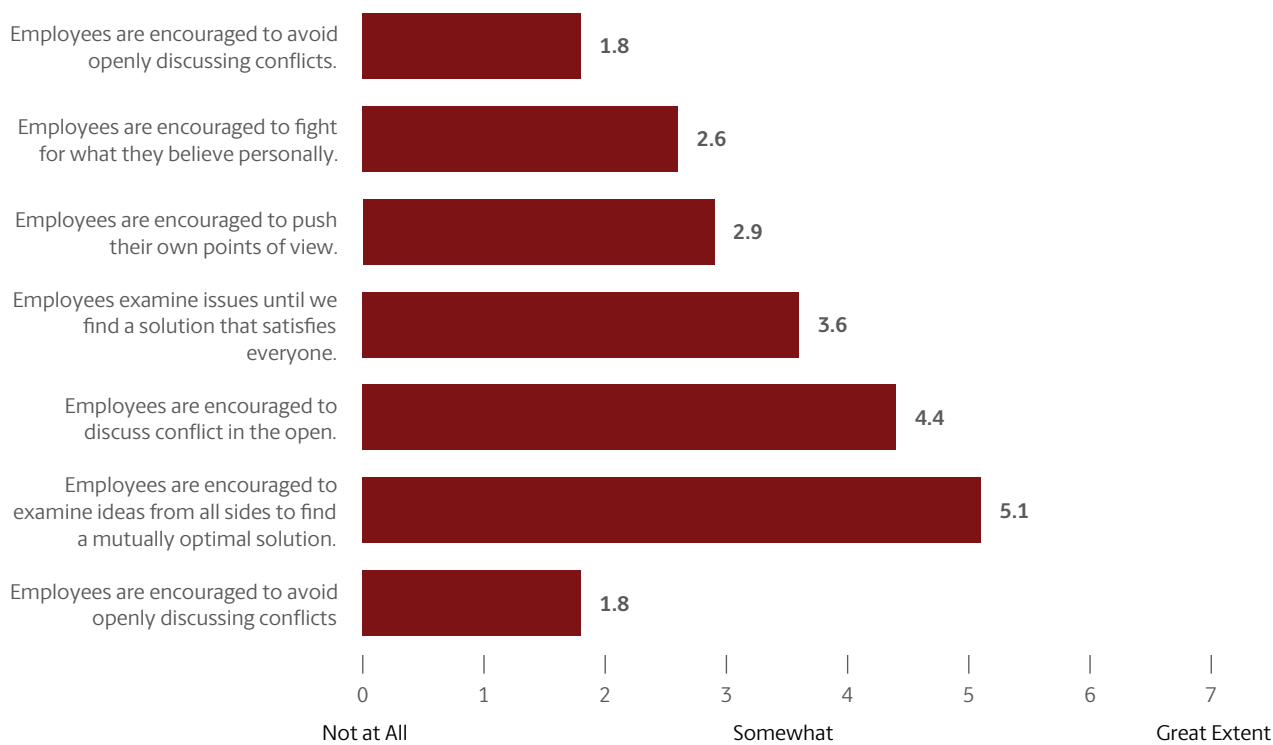
Figure 3
Extent to Which Company Engages in Methods to Manage Workplace Discussions on Political/Geopolitical Issues



Finally, rather than focus on specific economic, geopolitical or political conflicts, we asked CHROs to indicate their organization’s overall culture or climate for managing conflict. These results are displayed in **Figure 4**. These items are intended to gauge the degree to which the organization’s culture towards conflict is “collaborative”, “dominant”, or “avoidant”.

As can be seen in the figure, the most prevalent approach companies use is to encourage employees to examine ideas from all sides to find an optimal solution, reflective of a “collaborative” culture towards conflict. This was followed by encouraging open discussions regarding conflict, suggestive of a low avoidance culture, and encouraging employees to try to find solutions that satisfy everyone, again reflective of a collaborative culture. Interestingly, companies do not seem to encourage employees to push their own views (or low dominance culture), fight for what they believe personally (also low dominance), and avoid openly discussing conflicts (low avoidance). Overall, organizations most typically exemplify a collaborative culture towards conflict but typically do not exhibit a dominant or avoidant culture.

Figure 4
Assessment of Conflict Management Practices in Company Culture



Translating Research into PractiCES

We found these results interesting in light of two issues. First, these issues seem to take up considerable space in traditional and social media today. Second, and perhaps because of the first reason, the CES Research Committee strongly encouraged us to address the “potential conflict” issue particularly out of concern that current geo-political conflicts, political conflicts within the U.S., and the upcoming U.S. election will further fan the polarization we see today. Thus, we expected to see CHROs express similarly great concerns and significant efforts to ameliorate those concerns. However, our results seem to indicate that, on the whole, (a) companies broadly do not expect these issues to serve as major threats to their organizational cultures and (b) they do not seem excessively engaged in many activities designed to try to manage the potential conflict. Again, only time will tell if this is the correct posture, but we offer a few recommendations going forward:

- 1. Transparently Address the Economic and Technological Threats.** Ken Chenault and Ron Williams, former CEOs at American Express and Aetna respectively, have stated that “The purpose of leadership is to define reality and give hope.” Our results indicated that CHROs most worry about how economic uncertainty and technological change may threaten their cultures. This rightly reflects the anxiety that employees feel regarding how each might result in their jobs changing or being lost altogether. Effective leadership should define the reality that this may be a possibility but give hope that (a) the company is doing everything it can to avoid job loss and (b) providing guidance and training for how employees can adapt to the changing environment. This must be done in a way that does not worry the workforce, but rather reassures the workforce. This is likely to be an important part of the strategy communication process going forward, as executive leadership has the opportunity to address both the likely impacts of AI on the organization and its purpose, as well as how the organization may be impacted under different economic scenarios.
- 2. Constantly Monitor the External Landscape.** The past 5 years has seen the emergence of one unexpected crisis after another: COVID, George Floyd, the Dobbs v. Jackson Supreme Court decision, Russia-Ukraine, Israel-Gaza, etc. Each of these issues was polarizing within society, and thus, among employees. We can expect even more polarizing issues to emerge in the coming months and years, and companies need to actively sense these issues as, or even before, they emerge in order to proactively respond.
- 3. Proactively Communicate to Employees What is Necessary.** As last year’s report on Socio-political Activism noted, companies need to have both a framework and process for determining proper responses to emerging issues, especially to its employees. In general companies may choose to (a) not communicate regarding the issue, (b) communicate regarding how the issue impacts or is being dealt with by the organization (e.g., how the company is addressing needs of Israeli and Gazan employees or what aspects of women’s health are covered under their health plans), or (c) take stands encouraging public policy



regarding the issue. Importantly, all three approaches entail risk, but companies are generally wise to find ways to address issues as they pertain to the company's employees and/or customers. Having a policy and plan in place proactively provides a framework for engaging in conversations appropriate for the issue and limits reactive, and sometimes impulsive, responses that may be disruptive to the organization's culture.

4. **Proactively Manage the Workplace.** If these issues have the potential to result in conflicts in the workplace, companies need to develop strategies to both avoid such conflicts and manage them when they appear. We find it encouraging that companies are not discouraging conversations from occurring in the workplace. To limit the potential for conflict, it is important to proactively guide employees regarding when such conversations are or are not appropriate, steer difficult conversations towards productive outcomes, and provide training and guidance for managers regarding how to potentially diffuse such conflict. For instance, as the U.S. election approaches, companies might explicitly tell their employees, "We value the ideological and political diversity that exists among our employees, and encourage all to participate in the political process, especially to vote. However, we find that having divisive conversations in the workplace threatens the inclusive culture we seek and unnecessarily distracts us from our mission of serving our customers. Thus, when such conversations occur, we strongly encourage they be civil, being done politely and treating those one disagrees with as valued colleagues who deserve dignity and respect." Similarly, companies should proactively prepare their managers, perhaps more than what is reflected in our survey findings, to deal with and de-escalate conflicts when they occur.
5. **Leverage Employee Resource Groups (ERGs).** Many companies have constructed Employee Resource Groups as ways that individuals similar in race, gender, religion, or other characteristics can join together for support. Often these groups can provide a platform for communicating and cooperating on issues that might be sources of conflict. For instance, in response to the conflict between Israel and Gaza, one company found that bringing the Jewish and Arab ERGs together allowed an opportunity for the two groups to work together and communicate with one another.
6. **Lead Your Executive Team Regarding Potential Conflict.** Our results show that CHROs are taking a "light touch" approach to managing some political discussion in the workplace. Rather than a heavy-handed "Big Brother" approach, it seems organizations are assuming the best of employees until they see evidence that contradicts that assumption. But CHROs have to lead the executive team in understanding the potential for conflict, the current approach toward managing/allowing these discussions, and prepare their colleagues for how to handle situations where unnecessary conflict has emerged. The ELT members must be aware of the overall strategy for managing these discussions as well as how to handle unacceptable situations. This should include an articulation of the progressive discipline they should follow, always emphasizing that this is not meant as a violation of employees' free speech nor is it meant to discourage diverse opinions, but rather that the organization's culture takes the highest priority.

We find that CEOs, senior executives, and boards all increasingly understand the positive value of a strong and unified culture. Given all the potential areas for conflict, companies would be remiss if they did not proactively monitor, communicate, and manage how those issues can threaten the cultures they work so hard to cultivate.

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The Center for Executive Succession serves as an independent, objective source of knowledge regarding C-suite succession practices. The center provides a forum for corporate leaders to shape the future direction of succession practices, which are increasingly one of the board's top governance priorities. Our partners have the opportunity to contribute to cutting-edge research that challenges the status quo and is empirically driven to further success in C-suite succession planning. For more information or to inquire about potential membership, please visit our website or contact us at sc.edu/moore/ces.



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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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