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USC Marshall School Survey Shows Business Leadership Confidence Finally on the Rise

Study indicates economic challenges increase management energy levels and drive focus

LOS ANGELES – (April 21, 2009) – Facing the worst economic downturn since the Great Depression, the confidence of global business leaders is on the rise, according to the latest Leadership Pulse study conducted by Theresa Welbourne, Ph.D., a research professor at the USC Marshall School of Business. "While they remain negative about the economic outlook, senior managers are becoming more positive about the ability of their organizations to cope with a world that has changed," said Welbourne. "The economic downturn has created a strong sense of urgency among leaders, similar to what one sees in the military when combat units exhibit greater closeness and a stronger focus when facing a formidable enemy. External threats ignite an inner drive to win."

Leadership Pulse is a quarterly survey of approximately 3,800 U.S. business leaders across a broad range of industry groups conducted in partnership with The Center for Effective Organizations at USC, the Conference Board and technology partner eePulse. Approximately 660 business leaders responded to the most recent quarterly survey.

"From 2003-2007, our data showed leaders' confidence in their organizations slowly declining," said Welbourne. "When economic times were good, there were pressures to choose among many strategic alternatives, additional work that resulted from these numerous opportunities, and not enough people to get the job done, resulting in an eroding sense of confidence in the leaders' own organizations." Executives who participated in the current study said today they are more confident they have the right people and skills in place, can execute on their vision and can make changes as needed to respond to the challenges of a turbulent economy. They are proving their

resilience by making focused choices, banding together more closely with the employees on their teams, and starting to find solutions, according to Welbourne.

She added that the major financial setbacks witnessed over the last year seem to have humbled leaders. For the first time since running the study she is seeing a pattern where leaders in higher-performing firms express greater levels of confidence in their teams than in their own personal management skills. "Corporate downsizing has pared staffs and caused the workers who remain to break outside of their individual 'silos,' working together for greater success. The reliance on each other seems to be leading to greater confidence in teams than in individuals," said Welbourne.

Welbourne said her research also has been measuring energy levels among business leaders, which she defines as the internal motivation that helps people keep moving forward. The latest Leadership Pulse study shows that energy levels are climbing as confidence levels increase. She notes, however, that her measurement of energy in this study remains below the zone where leaders have historically said they are most productive, so there is still room for improvement as organizations continue to wrestle with their current challenges.

A detailed presentation of the data, which will break down the results by industry, job level, company size and more, will be available in about two weeks. Preliminarily, Welbourne said the biggest increases in energy were seen in real estate, health care and public administration; the largest declines were in the arts, wholesale trade, and transportation and warehousing.

A free webinar on the Leadership Pulse study will be held on Thursday, April 23, at 9:00 am PST. Dr. Welbourne will present "A Deep Dive on Leadership Confidence – or how to improve confidence and build for the future." Information on the log-in process can be found at the Center for Effective Organizations' website at http://ceo.usc.edu/. More information about the study also is available at www.leadershippulse.com.

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