



HR vs. CEOs: The Latest Leadership Pulse Results

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Over the last three months, I have been collecting and analyzing data from a large set of senior leaders who have graciously offered their time and energy to participate in the monthly Leadership Pulse survey. The survey is part of a major project being conducted through my work at the University of Michigan Business School. The study examines key issues and trends facing business leaders today. The survey was conducted in June, July, and August, and over those 3 months we heard from approximately 1,600 senior executives. The percentage of C-level (e.g. CEO, COO, CFO, etc.) and VP level executives is 42%. The other respondents are directors, senior managers, and managers. The sample includes a representative sample of industries, from construction and mining to automotive, high technology, health care, and government agencies and firms range from \$0 in revenues to multi-billion dollar businesses.

The Research Focus

Over the course of the three months I asked respondents to report on something called Resource Movement. The questions posed ask people to estimate the expected movement or growth of five key organizational resources. Those resources are: gross sales, net profitability, number of employees, number of customers, and products / services. These Resource Movement questions are asked monthly. Additionally, the leaders in the study are asked on a bi-monthly basis to rate Leadership Confidence. The Confidence questions focus on level of confidence these executives have in their own leadership teams, the economy, ability to execute on vision, ability to change, and whether the firm has the right people and skills. The long-term goal of the study is to understand patterns of growth and decline (movement) and how choices made by leaders (about how they handle resource movement) affect their ability to remain competitive and grow businesses.

This month I prepared the first quarterly results. I analyzed the data from all three months, reviewed trends, and studied patterns that existed in the data. Overall, I found that all questions making up the resource movement scale are trending upward. Employee growth lags all other variables, and sales is the most promising growth variable. Leadership confidence also is trending upward.

Quarterly Highlights

Overall, three trends strike me as interesting, and I think they may also be of value to the HR.com reading community.

1. No matter how I cut the data, higher performing firms outscore everyone else. But when I analyze the results to determine which variable, resource movement or leadership confidence, is more important in driving firm performance, the results surprised me. Maybe it's the overall lack of resources that I see in the firms I talk to weekly, but my sense was that having resources would be a key asset in this economy. But, firms with high resources and low confidence don't score so well. Of course, high resources and high confidence are the best you can do. But high confidence and low resources beats out high resources and low confidence. This means, even when the economy is making a mess of your business, you the HR executive can do something to improve firm

- performance. You can work on the confidence factor.
2. Small firms outperform large firms on all the variables studied. These smaller firms had higher scores on resource movement and on leadership confidence. Analyzing some of the comments from the respondents, I'm not surprised. Significant challenges around lack of trust in management, unethical conduct, and more seem to be pervasive in many larger firms but not as problematic in the smaller firms. The road to recovery from ethical and trust breaches is very long and rocky.
 3. A large percentage of the survey population works in HR. That's primarily because my initial mailing lists were HR executives (based on my work and the sources I used). Over time, however, I added some large samples that had high percentages of CEOs and senior executives in other functional areas (e.g. finance, sales, manufacturing, etc.). Thus, I was able to compare HR responses to those of other executives. Ouch! HR executives were the most negative on almost all questions all the time. And guess how the CEOs did? They were more positive than everyone else.

Positive Organization Scholarship

The University of Michigan Business School has recently started a new Center for Positive Organization Scholarship . An impressive group of academics and practitioners have rallied around concepts from psychology, sociology, and other disciplines that basically call for a change in how we conduct business and research, to focus on the positive rather than the negative. Although I am dramatically simplifying the message of this important work, the researchers conclude that a positive orientation is overall just better.

So, HR, what does it mean when we learn that the HR team is always more negative than the CEO, and for that matter, more negative than all of your other senior colleagues? Does it matter if HR is completely justified in its negative view? I can understand why HR would have lower scores. Let's face it: you did the layoffs, you know there's going to be a layoff probably before anyone else, you're the person who listens to employee complaints, you negotiate difficult labor contracts, and you are person most likely to get downsized first. But, is it OK to be more negative just because you can make a good case for it?

I think not. In order to influence the C-core team (e.g. CEO, COO, CFO, and more), you have to be able to talk to them. And when your CEO is positive, and you are negative, he/she simply will not give you the time of day.

Practicing Being Positive

I started doing something with the positive ideas last year (I met a professor at IMD, Dr. Jeannie Kahwajy who also espouses the positive view and taught me some things that I found very helpful). When my management team was doing business planning for 2003 we tried something new. I looked around me and saw a group of frazzled employees who were very proud to have survived the dot com crisis, the sagging economy, and to be on the climb to growth in a very down economy. But being proud only goes so far; I realized everyone was tired, and as much as I think I'm a good HR role model (hey, I teach this stuff), I understood that I had not been giving my team enough positive feedback. And of course, being the role model that I am, my management team was doing an equally good job of NOT giving positive feedback.

Therefore, as part of our business planning we added some executive development and homework to our process. I assigned a book to the management team. Everyone had to read one of Ken Blanchard's books "Whale Done" (I picked it up in the airport). It is a very easy-to-read version of the "positive viewpoint" in business. Not only did we read it, but we discussed it and included our proposed changes (as a result of what we learned) in the business planning

communication meeting that we did with all employees.

That was my first experiment; here's another one for you to consider. I've been really positive about the Leadership Pulse project. I do love research, and engaging in dialogue with a group of senior executives from around the world, who are providing high quality data that can be used for writing, teaching, and learning and that will be shared with so many readers is a bit of a dream come true. But it's been hard to be super positive when one of the biggest viruses (SoBig and all its friends) was let loose during our study, when people write back to me thinking I'm spam (oh, that hurts), and when the response rate just isn't what I had hoped.

But I am not going to be negative. I am relishing in the fact that we were able to collect high quality data from over 1,600 senior executives. I know that you will read this article, be intrigued with the learning, and when you get the Leadership Pulse in October you will indeed participate. And if you don't get the Leadership Pulse survey, you might even ask us to put you on the list. I can envision the learning that we will be sharing in future articles, conferences, and more.

I can picture the resource movement graph increasing ever so slowly each month, and finally the data for employees on the upswing (that means we're adding jobs again). I even can imagine leaders whose confidence scores improved because they participated in the Leadership Pulse and learned something that they took back to their management teams. I am so positive that I better start planning the University of Michigan executive briefing to review the annual results.

I feel better already. Practice the positive; try it with your CEO, with your team, with your family, and let's see what happens.

More Information?

For more information on Positive Organization Scholarship, visit www.bus.umich.edu/Positive

For more information on the Leadership Pulse and to download the complete quarterly report or monthly press releases, see www.eepulse.com under Research Papers for the Quarterly Report and News for monthly press releases with summary reports.

To participate in the next Leadership Pulse (which means you will receive complete survey results every month), or to have up to 50 of your senior executives participate and then receive your own company reports which can be benchmarked against other respondents, visit: www.umbs.leadership.eepulse.com.

Sources:

1. For further reading on this subject, see: Cameron, K.S, Dutton, J.E, Quinn, R.E. (Eds.), 2003. Positive Organizational Scholarship: Foundations of a New Discipline. Berrett-Koehler Publications, San Francisco. Dutton, J.E. (2003). Energize Your Workplace. Jossey-Bass.
2. A select set of Dr. Kahwajy's articles can be found at the IMD (Institute for Management Development) website: <http://www02.imd.ch/faculty>.

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Prior to summer, 1999, she was on the faculty of the Human Resource Studies Department (from 1992 to 1999) and the Entrepreneurship and Personal Enterprise Program (from 1993 to 1999) at Cornell University. She received her Ph.D. in Business from the University of Colorado, Boulder in 1992. Prior to that, she spent approximately ten years working in the field of human resource management as a practitioner and as a consultant. Dr. Welbourne's expertise is in the area of employee management in high growth and high change organizations. Her particular focus is on understanding how various human resource, communication, leadership, and rewards strategies affect the longer-term performance of

organizations and the employees within those firms.

As CEO of eePulse, Inc., she leads a technology and research business that is delivering web-based Pulse surveys powered by the company's proprietary software called Measurecom™. The measurement and communication tool was developed based on Dr. Welbourne's research and consulting. She conducted a number of studies with initial public offering firms and large firms undergoing large-scale interventions. In these studies, she demonstrated the direct effects of leadership and human resource management strategies on firm survival and financial performance (e.g. stock price growth, earnings growth, etc.). Her research has been featured in popular publications such as Inc. Magazine, The Wall Street Journal, Business Week, The New York Times, and Entrepreneur Magazine. Her work has been published in several books and in journals such as the Academy of Management Journal, Journal of Management, Human Resource Planning, Executive Talent, Compensation and Benefits Review, Journal of Applied Psychology, and Journal of High Technology Management Research. She is currently writing a book (publisher is Jossey-Bass) that summarizes all of her research to date.

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