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BERLAND

***Executive Masters in Leadership
-Capstone project -
Jonathan Gardner EML6***

GEORGETOWN
UNIVERSITY

McDonough
SCHOOL *of* BUSINESS

KEY FINDINGS

1 A majority of promotions in large organizations are predetermined before formal review process begins.

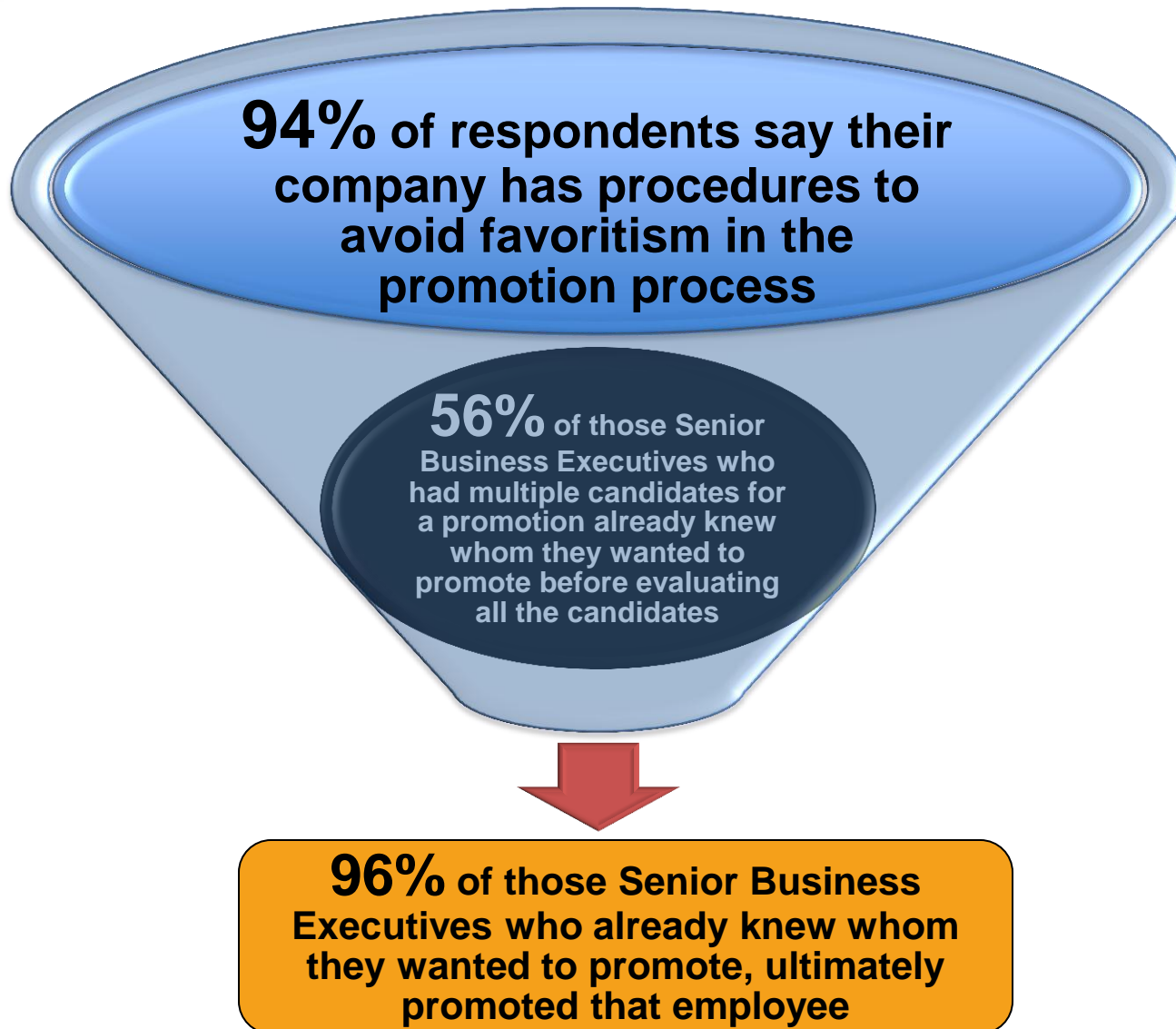
2 Senior executives cite objective measures such as performance, leadership potential and job-related skills when asked which factors play the greatest role in promotion decisions.

3 There is clear consensus that preferential treatment that does not directly relate to a person's job performance is favoritism.

4 Senior Executives say widespread favoritism exists in large organizations, yet few admit practicing favoritism themselves.

5 Senior Business Executives say that being a good communicator and trustworthy/ethical are the most important qualities for an effective leader to have.

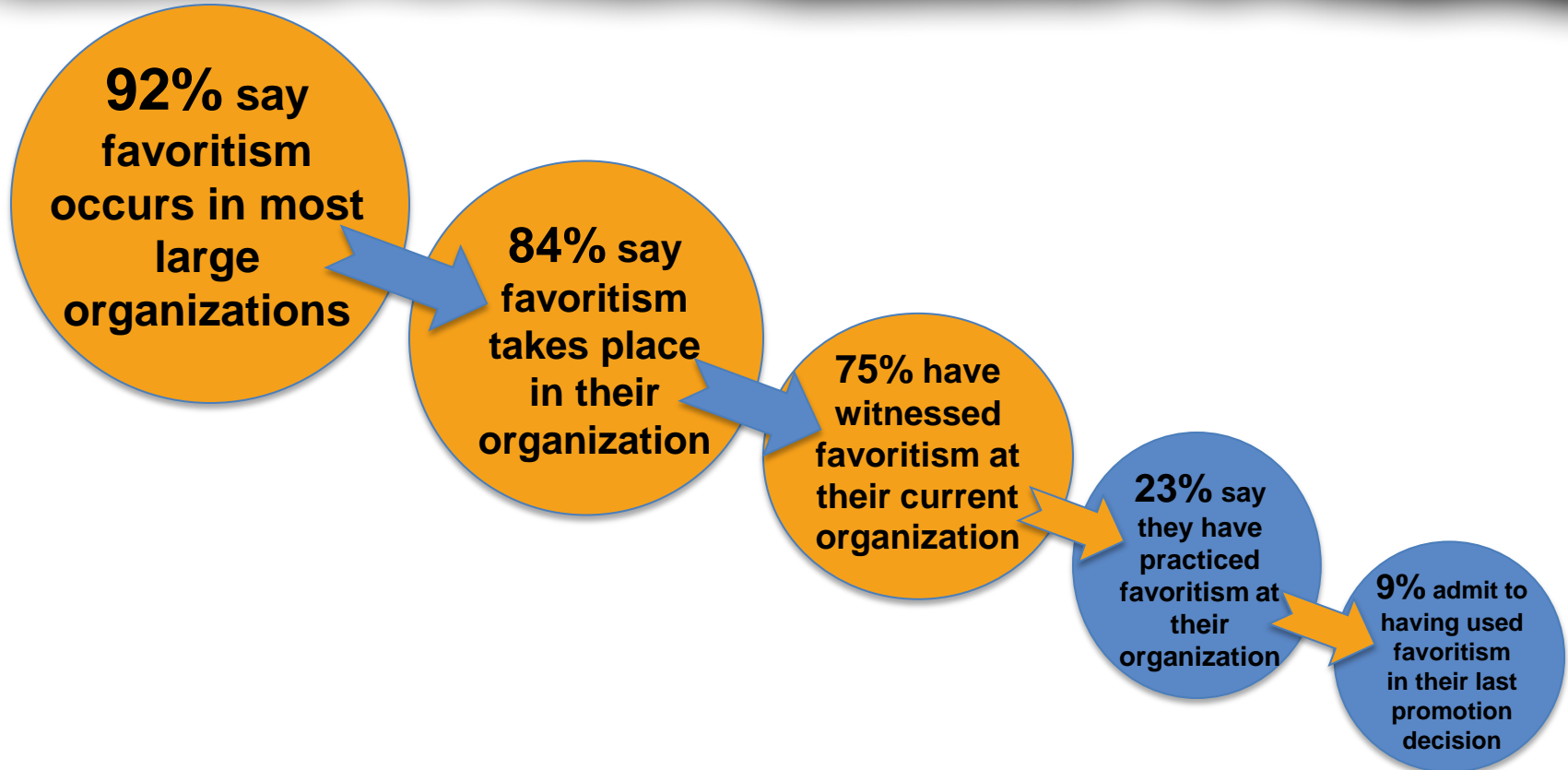
PROCEDURES TO PREVENT FAVORITISM ARE OFTEN A FORMALITY AS MAJORITY OF PROMOTIONS ARE PREDETERMINED



WIDESPREAD FAVORITISM EXISTS IN LARGE ORGANIZATIONS, YET FEW ADMIT PRACTICING FAVORITISM

Based on this definition of favoritism given to respondents:

“Preferential treatment of an employee for assignments, credit, opinion, influence, or advancement on the basis of factors that do not directly relate to a person’s ability to perform his or her job function, such as background, ideology or gut instincts. This does not including factors that are protected by law, such as age, gender, race/ethnicity, sexual orientation or religion.”





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METHODOLOGICAL OVERVIEW

METHODOLOGY

From March 8, 2011 to March 10, 2011, Penn Schoen Berland conducted 303 online interviews among Senior Business Executives at companies in the United States with at least 1,000 employees.

Sample	Sample Size	Margin of Error at 95% Confidence Interval
Senior Business Executives, including:	303	±5.63%
• Male	218	±6.64%
• Female	85	±10.63%
• Under 50 years old	146	±8.11%
• 50 years old or more	157	±7.82%



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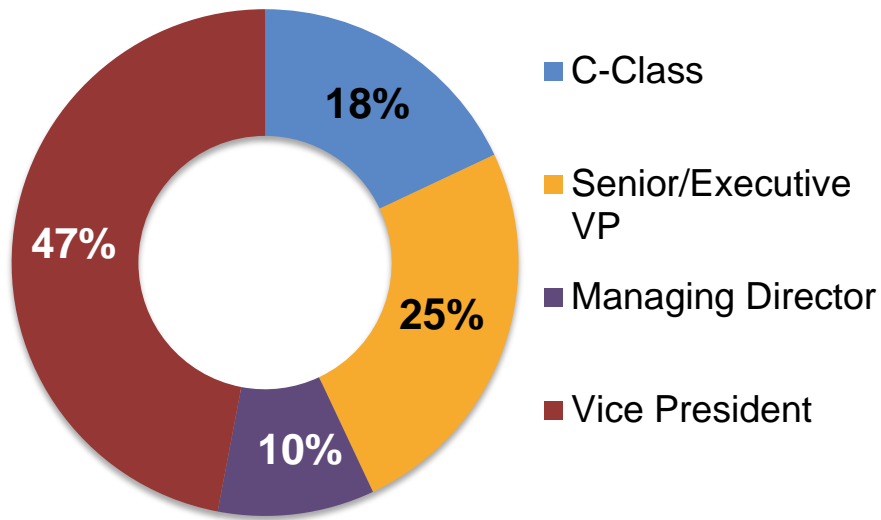
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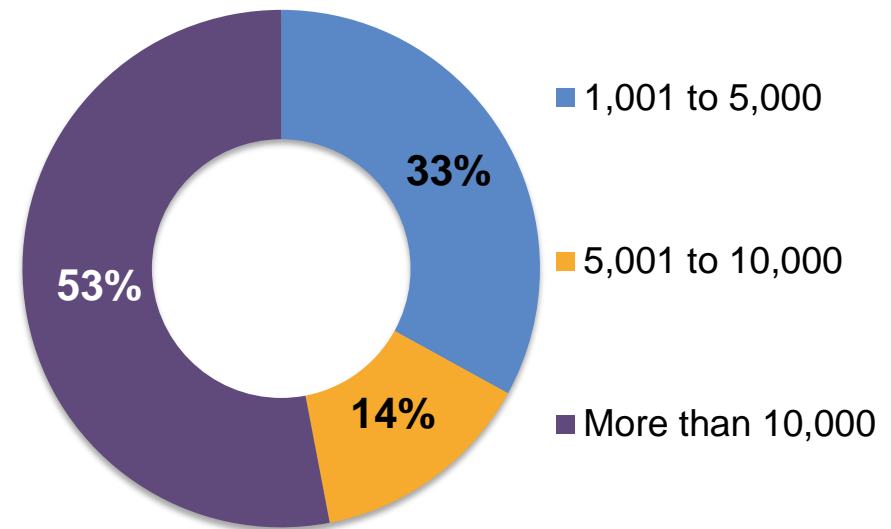
Interviews were conducted using email records of Senior Business Executives provided by **e-Rewards**, a leading global online sampling and online data collection company. E-Rewards manages a panel of over 6 million people in 37 countries, including over 2 million business professionals in the United States, the largest such panel in North America.

STUDY SAMPLE

The overall sample of senior business executives consisted of respondents of the following titles and from the following company sizes. All respondents included in the survey said that they have a significant amount of influence on promotion decisions for their direct reports.



TITLE: *Showing % All respondents*



NUMBER OF EMPLOYEES: *Showing % All respondents*

DATA QUALITY ASSURANCE

The study was administered by PSB's Internet Surveys Group (ISG), which was founded in 1999 and has conducted over 3,000,000 online interviews in 52 countries around the world.

To ensure data quality, Penn Schoen Berland took the following steps:

- Wrote, reviewed, tested, and approved the outgoing invitation to survey respondents.
- Used a highly-trained team of data analysts to review the data.
- Manually scrutinized individual respondent behavior, looking for common “red flag” indicators, such as nonsensical, blank open-end responses, repeated grid patterns (straight lining or repetitive zigzag patterns), contradictory answer selection.
- Assigned a minimum time threshold to complete the survey, excluding those respondents who completed the survey too quickly.
- Terminated respondents who straight clicked through multiple grids.
- Included numerous screeners to ensure that respondents work in large organizations (over 1,000 employees) and have a significant amount of influence in making decisions about promotions.

SAMPLE QUALITY ASSURANCE



The survey sample was provided by e-Rewards, one of the most experienced and most trusted online panel providers worldwide.

To ensure the highest quality of their sample, e-Rewards uses rigorous sample quality and data security measures:

- **By Invitation Only Membership** – since e-Rewards started in 1999, every member has been exclusively invited to the panel and has experienced the same standardized enrollment process. By avoiding “open” recruitment, e-Rewards does not attract “professional survey takers” that many other panels do. The company uses a controlled mix of both online and offline recruitment methods, including e-mail and direct mail invitations.
- **Fraud Tracking** – e-Rewards employs an arsenal of leading-edge technology and techniques to eliminate professional survey-taking behavior. The company checks for and track straight-lining of answers, “speeders” who take surveys too quickly, and also employs email address checking for duplication.
- **Quality Control System** – tracks the activity level of each panelist to ensure that inactive panelists are phased-out from receiving survey opportunities.
- **Member Verification Process** – e-Rewards requires a physical address and valid phone number from each of our members, and verifies its validity against government and postal information. The company also requires a valid and unique email address in order to receive surveys. e-Rewards never re-send a survey to any address that has ever “bounced back.”
- **Managed Participation Levels** – an average member of e-Rewards qualifies and participates in less than 5 full surveys per year. Other sample vendors allow annual survey participation rates in excess of 24 per year.
- **Double Blind Screening** – e-Rewards uses a two-step “blind screener” approach to identifying qualified respondents. This approach controls against any respondents who wish to provide false screener answers.

MAXIMUM DIFFERENCE SCALING (MAXDIFF)

To measure the relative importance of different criteria in decisions about promotions, PSB used an advanced analytic technique called Maximum Difference Scaling (MaxDiff).

The foremost benefit of MaxDiff is its greater ability to differentiate between the alternatives being measured. While some measurement methods allow respondents to say all items are important, MaxDiff more precisely and reliably measures the relative degrees of respondent preferences by forcing respondents to make choices. This enables us to understand which options are truly more highly rated than others, thereby ensuring that ratings across the items tested will be maximally differentiated.

Unlike monadic rating scales, which allow a respondent to choose the same level of preference for multiple (and sometimes most) different items, MaxDiff offers a more differentiated measure of how each respondent rates each item relative to the other items.

- For example, on a monadic scale, a respondent could say 8 statements are “Very Important” but we would not know which of those 8 “Very Important” statements is most important, which is second most important, and so on.
- MaxDiff scores each statement based on a trend in the individual respondent’s preferences, allowing to see exact relative scores for each item, from top to bottom for each respondent as well as any group or respondents.

Each factor’s preference index score indicates what portion of the respondent’s total preference the factor actually achieved. A preference index score of 100 indicates that the factor achieved exactly its proportionately expected share of preference. A score of 200 is relatively high since it indicates that the item received twice its proportionate share of preference. A score of 50 represents a relatively poor showing of only half the proportionately expected share of preference.

RESPONDENT PROFILE

In which industry does your organization primarily operate?	All	Male	Female	Under 50	50+
Financial services	34	35	32	41	27
Healthcare	8	8	8	10	7
Technology	8	7	9	6	10
Consulting, business or legal services	7	6	11	7	8
Consumer goods	6	7	4	8	4
Marketing, media, or entertainment	4	3	8	5	4
Industrial goods	4	4	2	3	4
Non-profit	2	3	5	2	3
Consumer services	2	2	0	1	3
Materials and materials science	2	2	1	1	3
Utilities	2	2	0	1	2
Other	20	21	18	14	25
None of the above	1	0	2	1	0
How long have you been employed at your current organization?	All	Male	Female	Under 50	50+
Less than one year	3	3	2	2	3
1 to 2 years	5	5	6	6	4
3 to 5 years	16	16	15	15	17
6 to 10 years	26	25	29	32	20
11 to 20 years	25	26	24	34	18
More than 20 years	25	25	24	11	38

RESPONDENT PROFILE

Please indicate your gender.	All	Male	Female	Under 50	50+
Male	72	100	0	63	80
Female	28	0	100	37	20
Please indicate which of the following best describes your age.	All	Male	Female	Under 50	50+
Less than 25 years old	0	0	0	0	0
25-34	3	3	4	6	0
35-49	45	39	60	94	0
50-64	50	56	36	0	97
65 or older	2	2	0	0	3
What is the last year of schooling that you have completed?	All	Male	Female	Under 50	50+
Less than a high school degree	0	0	0	0	0
High school graduate	0	0	0	0	0
Technical school	0	0	0	0	0
Some college	3	2	6	3	4
College graduate	30	32	25	27	32
Post college / graduate school	67	66	69	70	64
What is the last year of schooling that you have completed?	All	Male	Female	Under 50	50+
Liberal	14	12	18	12	15
Moderate	52	51	55	58	47
Conservative	34	37	27	30	38

RESPONDENT PROFILE

What is your current marital status?	All	Male	Female	Under 50	50+
Married	84	85	79	81	86
Single	9	7	13	13	5
Widowed	1	1	2	1	2
Divorced	6	7	6	5	7
For statistical purposes only, which of the following best describes your race?	All	Male	Female	Under 50	50+
White/Caucasian	84	86	81	81	88
Black/African-American	2	1	5	3	1
Caribbean-American	2	2	0	1	2
Hispanic/Latino	2	1	4	2	1
Asian-American	5	4	7	9	3
Native American	0	0	0	0	0
South Asian Indian	1	2	0	2	1
Other	1	0	2	1	0
Prefer not to answer	3	4	1	1	4



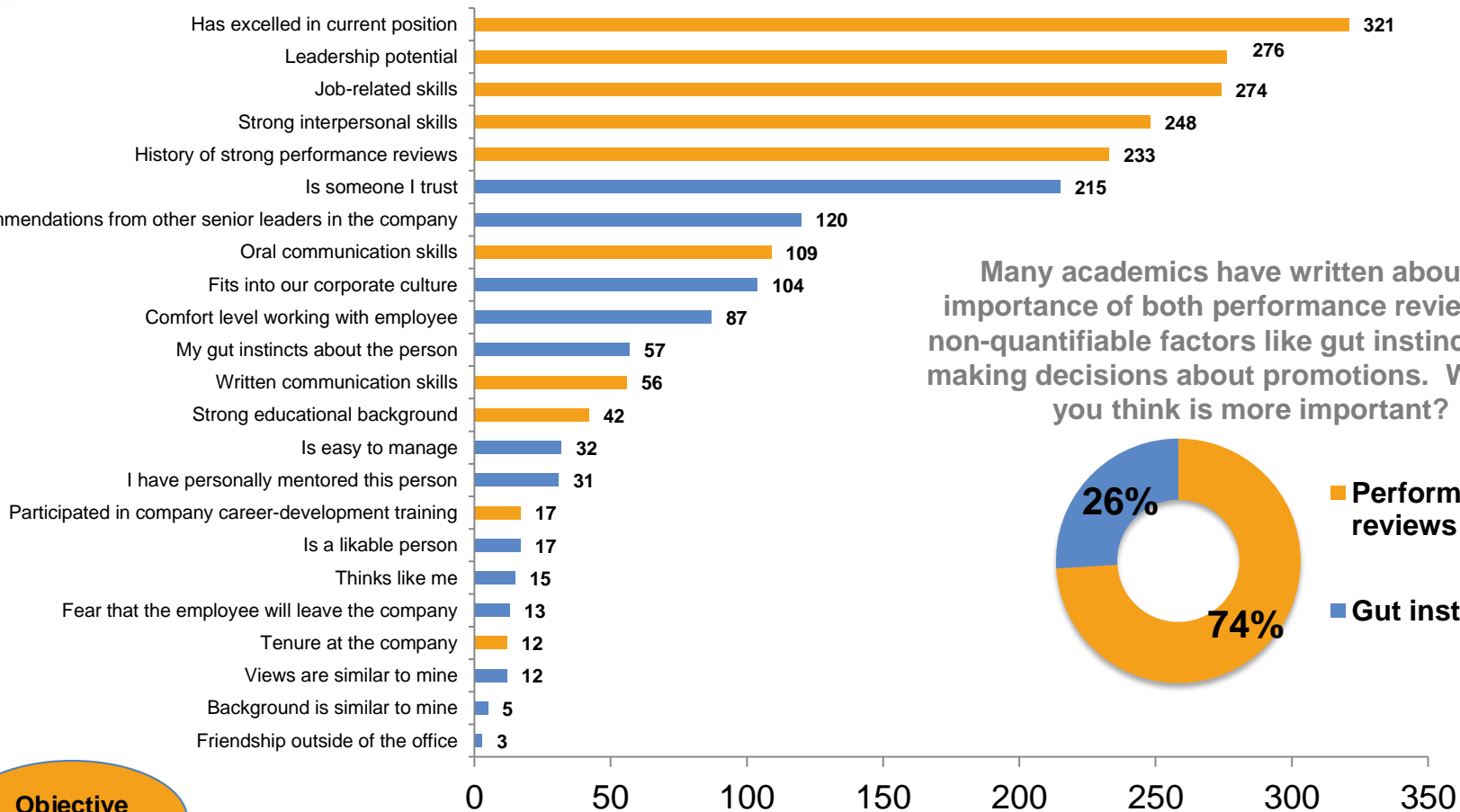
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PROMOTIONS

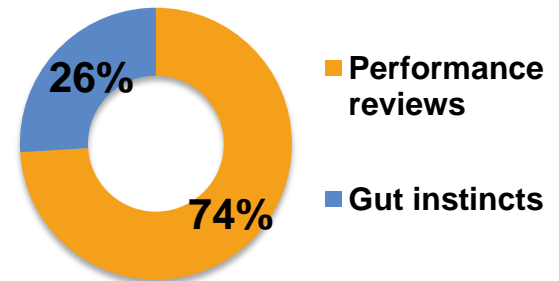
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EXECUTIVES CITE OBJECTIVE MEASURES WHEN ASKED ABOUT PROMOTION DECISIONS

Thinking about the person you most recently promoted, please indicate which of the following factors was most important and which was least important to your decision.



Many academics have written about the importance of both performance reviews and non-quantifiable factors like gut instincts when making decisions about promotions. Which do you think is more important?



Objective measures

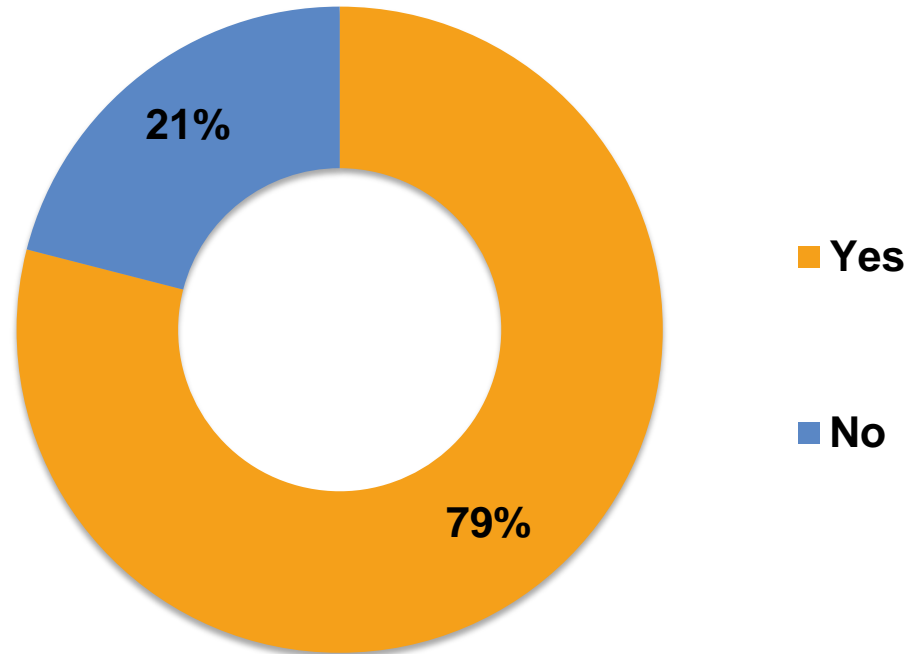
Subjective measures



MOST LARGE ORGANIZATIONS HAVE A FORMAL PROCESS FOR PROMOTIONS

4 in 5 Senior Business Executives say their organization has a formal process about promotions

Does your organization have a formal process for making decisions about promotions?
Showing % All respondents



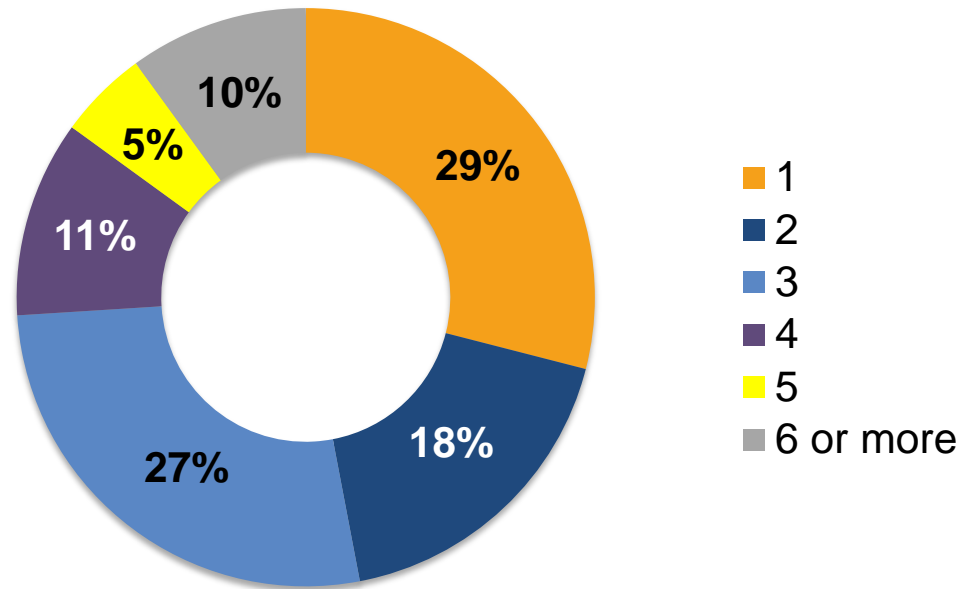
	All	Male	Female	Under 50	50+
Yes	79	80	76	78	80
No	21	20	24	22	20

FEWER THAN 4 CANDIDATES ARE CONSIDERED IN MOST PROMOTION DECISIONS

3 in 10 times there is only one candidate considered for a promotion in large organizations

Thinking about the last person you were responsible for promoting within your organization, how many candidates were considered for the promotion, including the person that was promoted?

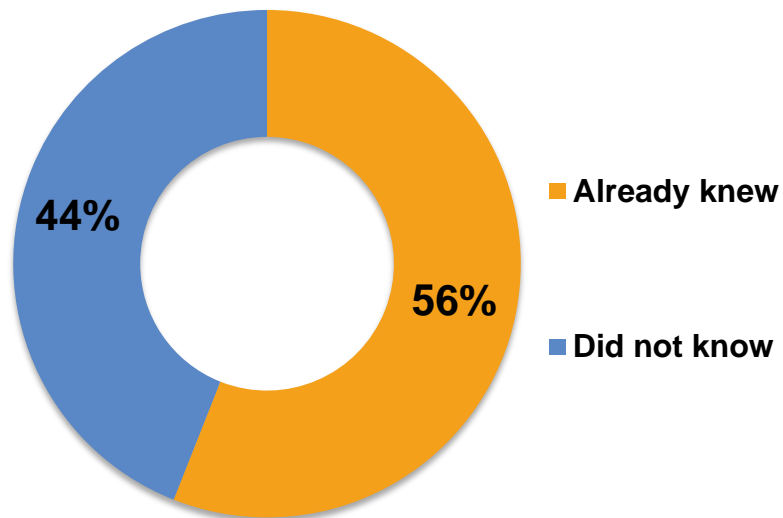
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	All	Male	Female	Under 50	50+
One	29	29	31	32	27
Two or more (TOTAL)	71	71	69	68	73

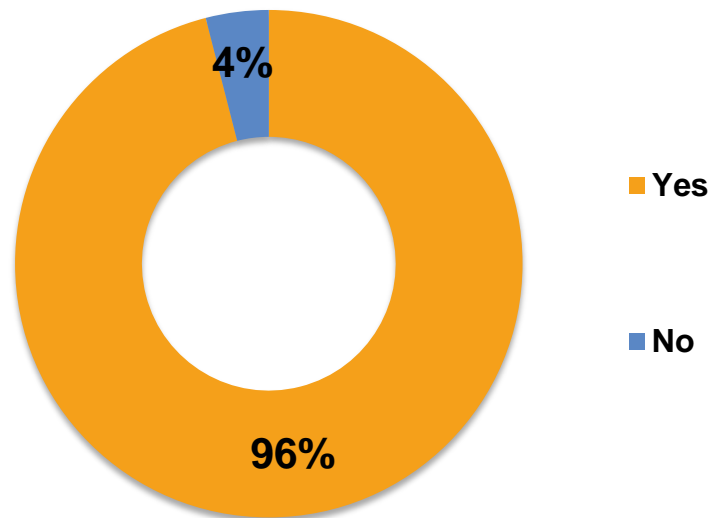
MAJORITY OF PROMOTIONS ARE PREDETERMINED

56% of respondents already knew who they wanted to promote when considering candidates



IF MORE THAN 1 CANDIDATE WAS CONSIDERED FOR A PROMOTION: Thinking about the last time you promoted someone within your organization, did you already know which employee you wanted to promote before evaluating all the candidates?
Showing % All respondents

Of those who already knew whom they wanted, 96% went on to promote that person

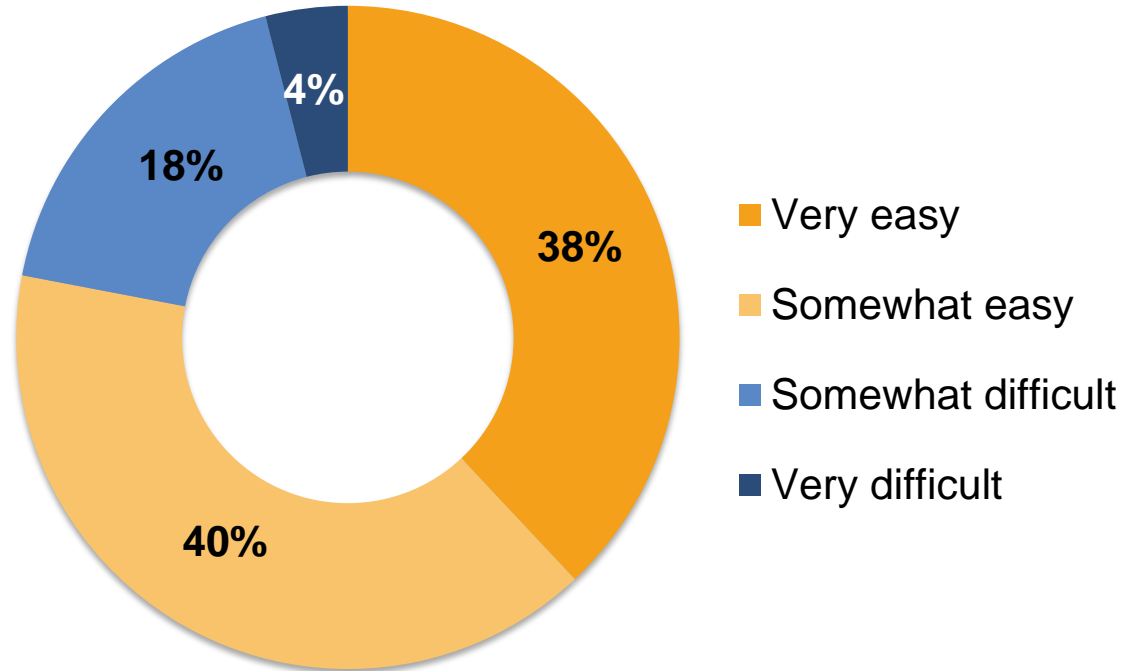


IF YES: Did you ultimately promote that employee?
Showing % All respondents

4 IN 5 EXECUTIVES FIND PROMOTION DECISIONS TO BE EASY

78% of respondents say their last promotion decision was an easy one to make

How easy or difficult a decision was it to decide which person would ultimately be promoted?
Showing % All respondents



	All	Male	Female	Under 50	50+
EASY (TOTAL)	78	76	85	85	73
DIFFICULT (TOTAL)	22	24	15	15	27

WHY WAS IT EASY/DIFFICULT TO DECIDE WHICH PERSON WOULD ULTIMATELY BE PROMOTED?

“He was clearly entitled to a promotion after completion of several high-exposure projects.”

“Associate's performance demonstrated stretch and exhibited excellence in expertise.”

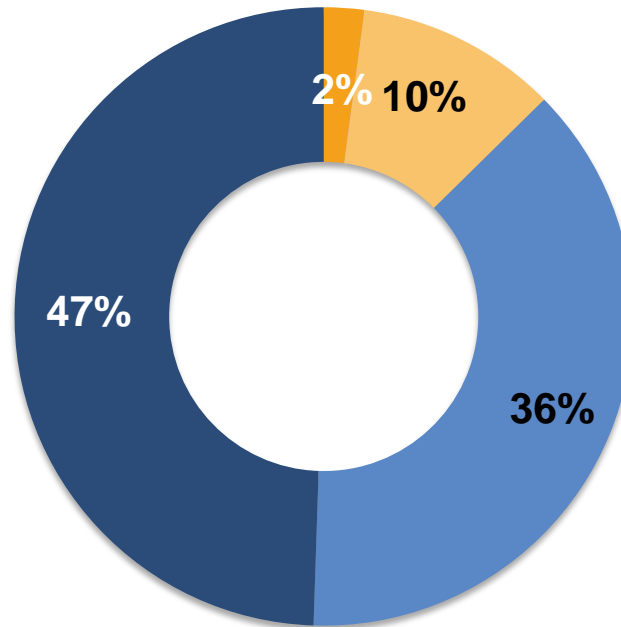
“This person was already performing at the next level of responsibility; kept taking on additional scope and responsibility; was exceeding expectations in current role and performing at the next level.”

“This person had an offer from another organization – to avoid losing her, we had to promote her. We considered her too valuable to lose.”

“The people under consideration were uniformly good. The decision to promote also involves a decision not to promote-i.e. not to promote the other candidates. The risk of losing people who were not promoted is very real and potentially damaging to our firm.”

VAST MAJORITY SAYS FAVORITISM LEADS TO POORER PROMOTION DECISIONS

Generally speaking, do you think favoritism leads to better or poorer decisions about promotions, or does it not have an impact?
Showing % All respondents



- Much better
- Somewhat better
- Somewhat poorer
- Much poorer

	All	Male	Female	Under 50	50+
BETTER (TOTAL)	12	12	13	16	8
Much better	2	2	2	2	2
Somewhat better	10	10	11	14	6
POORER (TOTAL)	83	84	81	79	88
Somewhat poorer	36	37	34	38	34
Much poorer	47	47	47	41	54



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WORKPLACE FAVORITISM

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CONSENSUS ON THE DEFINITION OF FAVORITISM

Most Senior Executives agree that preferential treatment that does not directly relate to a person's job performance constitutes favoritism

Which of the following do you consider to be examples of favoritism? Please select all that apply.	All	Male	Female	Under 50	50+
Preferential treatment on the basis of a person's background (such as education, family history, etc.) that does not directly relate to that person's ability to perform his or her job	83	83	84	88	78
Preferential treatment on the basis of age, gender, race/ethnicity, sexual orientation or religion	76	76	76	78	75
Preferential treatment on the basis of a person's ideology (philosophy, world view, political views, etc.)	73	75	69	76	71
Preferential treatment on the basis of gut instincts about a person	32	28	42	34	30
Other	12	9	18	15	8
None of the above	3	3	4	3	3

WIDESPREAD FAVORITISM EXISTS IN LARGE ORGANIZATIONS, YET FEW ADMIT PRACTICING FAVORITISM

Based on this definition of favoritism given to respondents:

“Preferential treatment of an employee for assignments, credit, opinion, influence, or advancement on the basis of factors that do not directly relate to a person’s ability to perform his or her job function, such as background, ideology or gut instincts. This does not including factors that are protected by law, such as age, gender, race/ethnicity, sexual orientation or religion.”

92% say favoritism occurs in most large organizations

84% say favoritism takes place in their organization

75% have personally witnessed favoritism at their current organization

23% say they have practiced favoritism at their organization

9% admit to having used favoritism in their last promotion decision

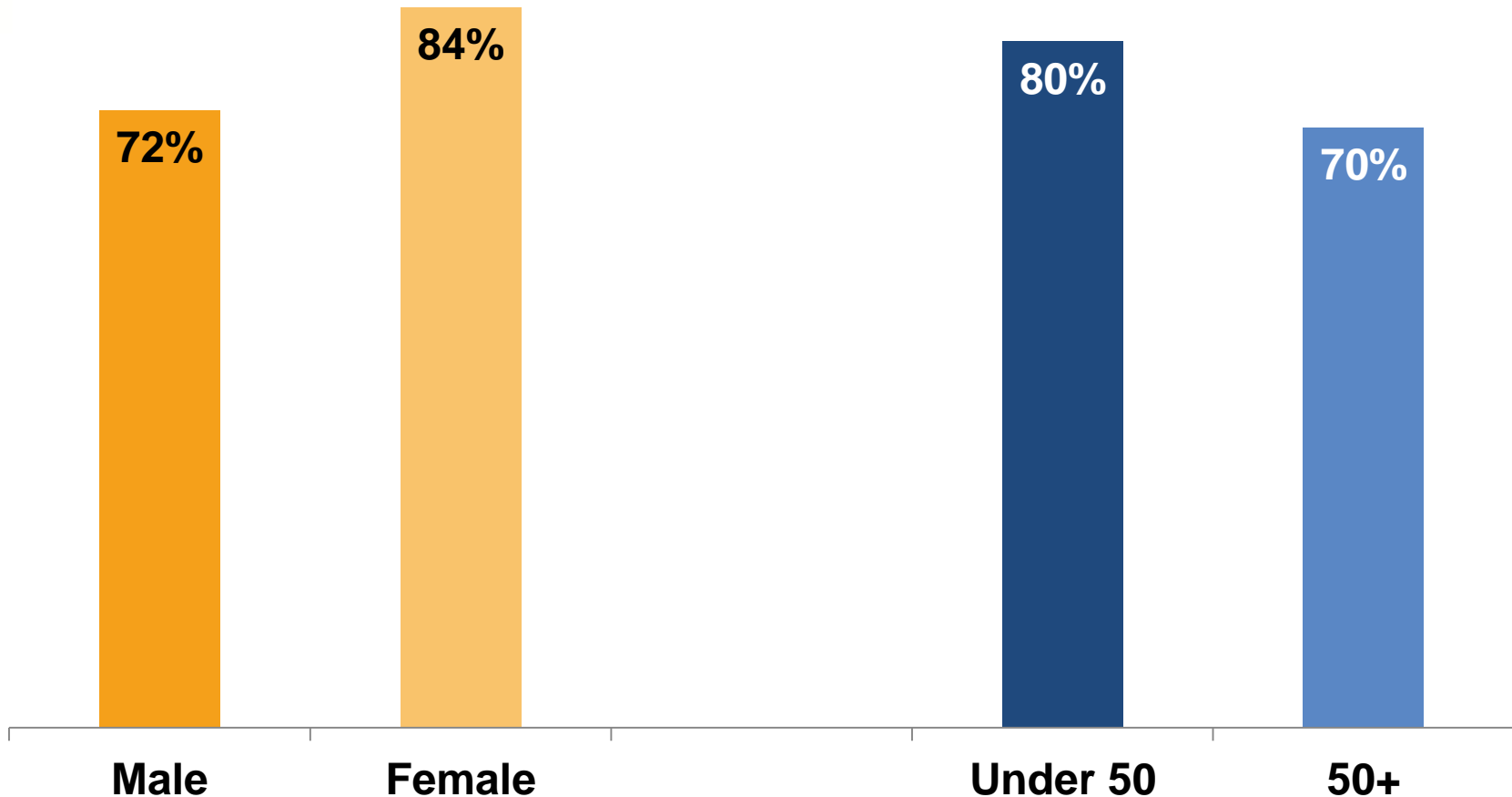
MEASURES TO COUNTER FAVORITISM

Most of organizations employ a range of measures to mitigate the effect of favoritism on promotion decisions

Which of the following procedures, if any, does your organization engage in to avoid favoritism in the promotion process? <i>Please select all that apply.</i>	All	Male	Female	Under 50	50+
Review of promotion decisions by senior management or Human Resources	72	73	68	69	74
Having clear, objective, and consistently-enforced policies that cover how promotions are made	52	53	49	52	52
Multiple interviewers with different backgrounds	51	56	40	47	56
Centralized monitoring of promotion and compensation decisions, designed to identify bias	50	52	46	47	53
Other	2	2	2	2	2
None of the above	6	5	8	5	6

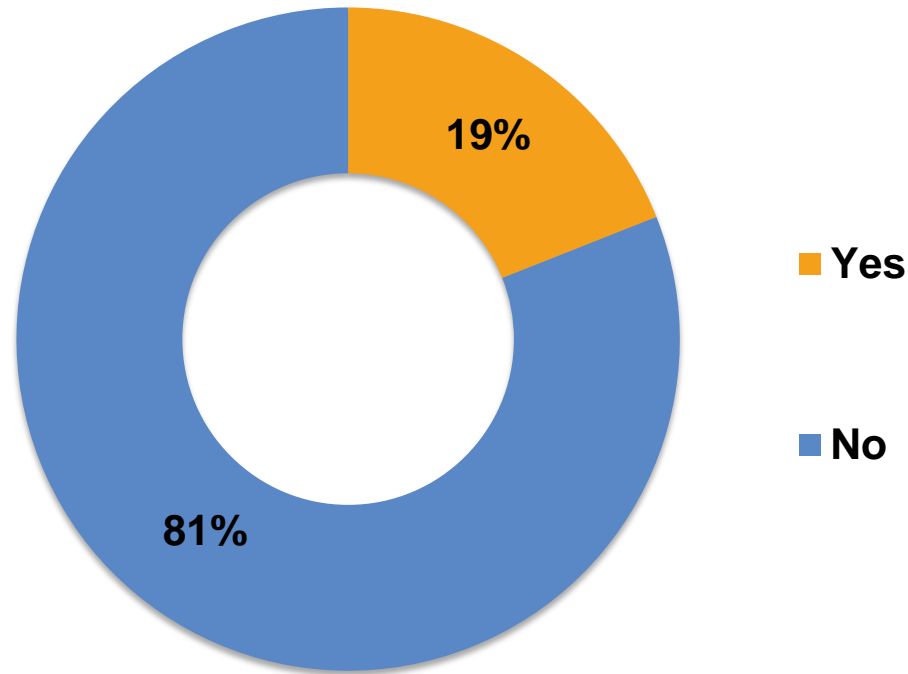
FEMALE AND YOUNGER EXECUTIVES MORE LIKELY TO HAVE PERSONALLY WITNESSED FAVORITISM

Based on this definition, have you personally witnessed favoritism at your current organization? Showing % YES



ONLY 1 IN 5 OF SENIOR BUSINESS EXECUTIVES ARE AWARE OF EMPLOYEES SPEAKING OUT AGAINST FAVORITISM

To the best of your knowledge, have any of your employees recently spoken out against favoritism in your organization's promotion process?
Showing % All respondents



	All	Male	Female	Under 50	50+
Yes	19	18	22	21	18
No	81	82	78	79	82

DEFINITION OF FAVORITISM ACCORDING TO RESPONDENTS

To the best of your knowledge, please define favoritism as it pertains to decisions in the workplace. OPEN-END (Coded responses)	All	Male	Female	Under 50	50+
Favoring one person over another based on factors other than qualifications	19	21	14	18	20
Nepotism/ promoting someone just because they are liked	19	18	24	16	22
Rewards given to people not based on performance	16	16	18	17	15
Preferential treatment	16	16	16	21	12
Bias/ Subjecting judgment over objective	9	10	8	8	10
Projects/ assignments given to people without merit	4	3	6	4	4
Treating someone differently than everyone else	2	2	1	1	3
General negative: Bad/Not appropriate/ Should never happen, etc.	2	1	2	1	2
Others	10	11	6	10	10
Don't Know / No Response	3	2	5	4	2

TO THE BEST OF YOUR KNOWLEDGE, PLEASE DEFINE “FAVORITISM” AS IT PERTAINS TO DECISIONS IN THE WORKPLACE

“Providing employees with preferred work and-or projects, providing with preferred hours, allowing failures to slide when others are held to a higher standard.”

“Making decisions that benefit an employee with respect to compensation or career-related opportunities that are based on subjective factors other than merit, such as friendship, family, or influence of an important third party.”

“We definitely have favorites we include in corporate meetings and important decisions. We keep an eye out for compatible people for promotions.”

“Promoting someone who is NOT qualified, but is friends with senior officials.”

“A person getting preferred treatment based on who they know.”

“Promoting a person with less leadership ability because of his-her sexual persuasion, religion, similarity to the boss and being popular for the wrong reasons.”



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LEADERSHIP QUALITIES

Being a good communicator and ethical are the two most important qualities for an effective leader to have

- Women are significantly more likely than men to value fairness
- Those executives ages 50 and older value decisiveness, being a good listener, and being fair more strongly than their younger counterparts

Which of the following qualities are most important for an effective leader to have? Please select the ten most important qualities. (Showing the top 10 qualities)	All	Male	Female	Under 50	50+
Good communicator	65	63	71	64	67
Ethical	63	64	59	58	67
Trustworthy	53	56	48	49	58
Honest	51	54	46	50	53
Good listener	51	53	48	45	57
Decisive	45	46	42	38	51
Strategic	44	44	41	45	43
Fair	43	38	55	38	48
Visionary	42	43	40	41	43
Knowledgeable	42	41	44	38	45

A GOOD LEADER IS A ROLE MODEL, ABLE TO INSPIRE, AND HAS A CLEAR VISION

What does it mean to be a good leader? Open-End (Coded Responses)	All	Male	Female	Under 50	50+
Role model	13	12	14	12	13
Able to inspire others	12	13	11	14	10
Clear vision	10	9	12	12	8
Ability to gain willful collaboration	5	7	1	3	7
Respected	5	6	2	5	5
Ability to achieve desired results	5	6	4	3	6
Fair	5	5	5	4	5
Good communication skills	4	4	6	5	4
Decisive	4	4	5	4	4
Trustworthy	4	3	6	5	3
Provides guidance	4	3	7	3	5
Getting the best out of one's employees	3	3	4	3	3
Understands the needs of the business	3	3	2	3	3
Knowledgeable	2	3	1	3	2
Interpersonal skills	2	2	0	1	2
Listens well	2	2	1	1	3
Able to leverage talent and skills	2	2	2	0	4
Helps develop employees	2	1	4	1	2
Others/ Don't know/ No response	13	12	13	18	11

WHAT DOES IT MEAN TO BE A GOOD LEADER?

“A good leader thoroughly understands the business and knows how to motivate his or her team to inspire collaboration, teamwork, and superior performance.”

“A good leader is one that can make good, fair decisions in both normal and stressed environments.”

“Understanding both internal and external factors that contribute to team success and providing vision and goals to a team as well as the associated support needed to meet those goals.”

“Possess good communication skills, role model good work ethic, integrity & honesty, be of high moral character, show perseverance, have a positive attitude, understand who you're leading and the corporate goals-mission, believe in what you're doing.”

“Setting an example, staying active in the group being led, managing by being involved "walk the talk". Listens to those on the front line. Doesn't manage in a vacuum.

“One should be an expert in a field recognizing, acknowledging and incorporating the expertise of others in the organization. Develops a staff that is diverse and multi generational to provide staff development opportunities and legacy leaders for the company. Gives and is open to receive criticism - feedback that is provided in a supportive way. Supports and encourages compliance with company policies but takes responsibility to challenging policies that are counterproductive.”



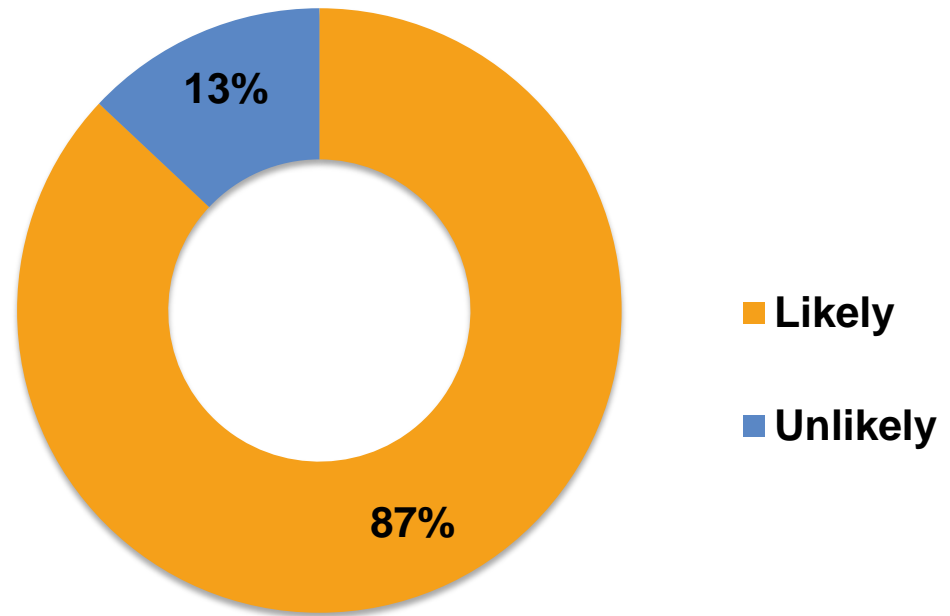
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EXECUTIVE EDUCATION IN LEADERSHIP

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VAST MAJORITY WOULD BE LIKELY TO ATTEND AN EXECUTIVE LEADERSHIP TRAINING PROGRAM

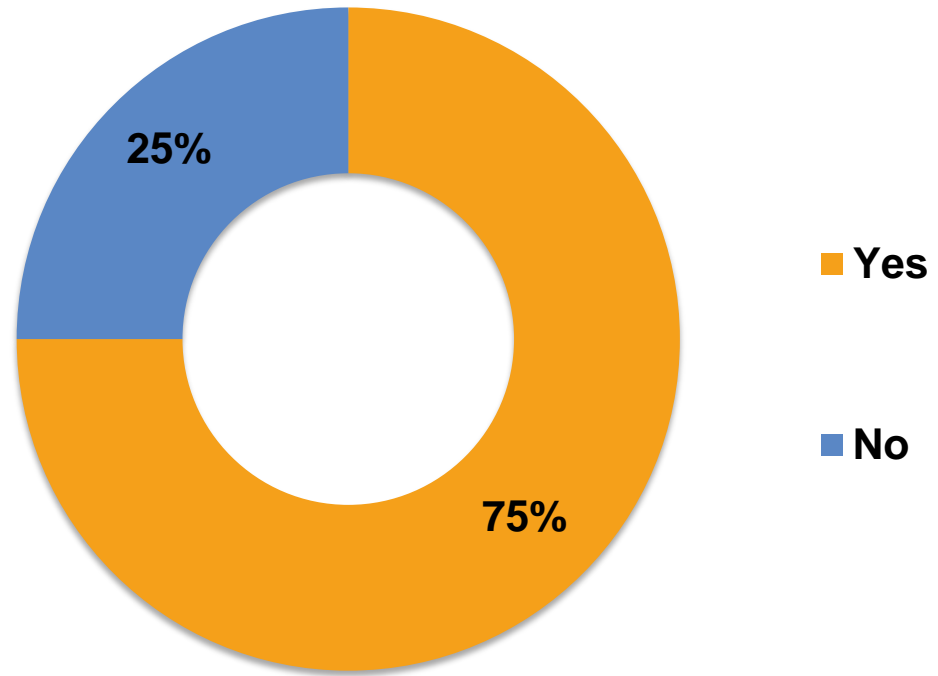
If your employer offered you the opportunity to attend an executive leadership training program at a respected educational institution, how likely would you be to take advantage of this program?
Showing % All respondents



	All	Male	Female	Under 50	50+
LIKELY (TOTAL)	87	86	89	88	86
Very likely	53	54	49	54	52
Somewhat likely	34	32	40	34	34
UNLIKELY (TOTAL)	13	14	11	12	14
Somewhat unlikely	10	10	11	10	10
Very unlikely/ Not at all likely	3	4	0	2	4

3 IN 4 RESPONDENTS SAY SUCH PROGRAM WOULD INCREASE THEIR DESIRE TO STAY WITH THEIR COMPANY

If your company were to sponsor your attendance at an executive leadership program from a respected educational institution, would this increase your desire to remain with your current employer?
Showing % All respondents

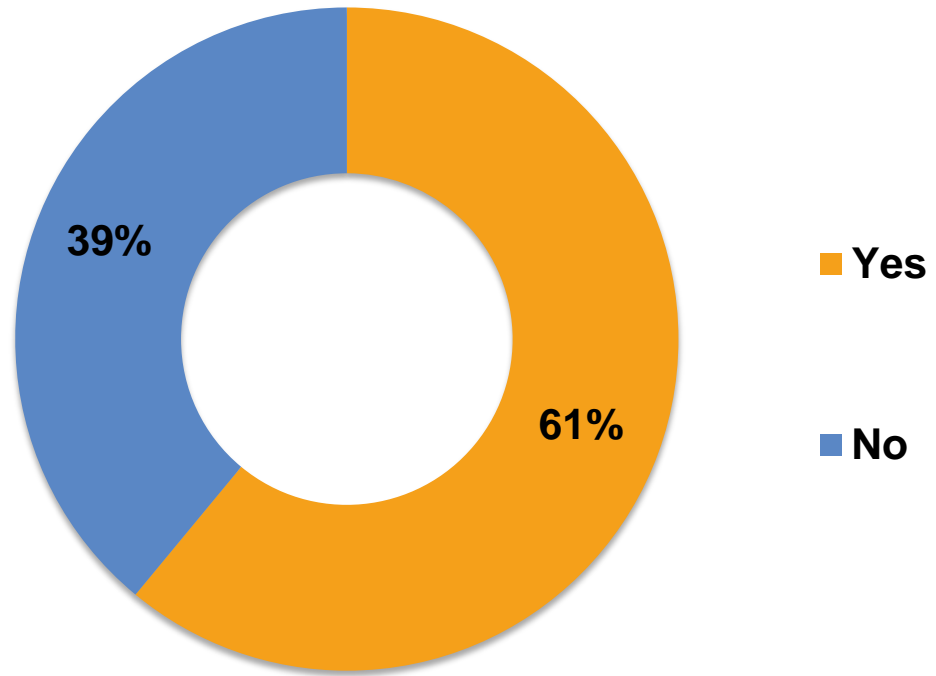


	All	Male	Female	Under 50	50+
Yes	75	74	78	80	71
No	25	26	22	20	29

3 IN 5 EXECUTIVES SAY LEADERSHIP TRAINING SHOULD BE REQUIRED

Do you think that participating in executive level training in leadership at a respected educational institution should be required for senior managers at your firm?

Showing % All respondents



	All	Male	Female	Under 50	50+
Yes	61	59	68	64	59
No	39	41	32	36	41