

hrSPECTRUM

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CAHRS  Center for Advanced Human Resource Studies

Research Highlight

Signaling Through Search

When managers respond to recruiters' calls or even actively seek opportunities elsewhere, it's not always because they're dissatisfied with their current position. Individuals engage in job search activities for many reasons other than to find a new job after deciding they wish to leave, according to new research by Wendy R. Boswell of Texas A&M's May's Business School, who recently coauthored a major study on job search for bargaining leverage with John W. Boudreau and Benjamin B. Dunford of Cornell.

Through a survey of 1,600 executives from organizations across the U.S., the researchers assessed the extent to which gaining negotiating leverage against their current employer explained an executive's rationale for job search in the last six months. These highly-placed executives ranked two levels below the CEO and received an average compensation package of \$236,188.

One reason executives engage in job search for bargaining leverage is to show their current employer there's a market for them elsewhere. "Some managers think nothing of presenting bids from outside companies to their current employer to signal that it's time for a raise, promotion, or other benefit to match or exceed the competitor's offer," says Boswell. "And more often than not, it works." She adds that "signaling" through job search has become a particularly effective means of leveraging improved employment conditions for many managers.

Today, even relatively happy

employees search for leverage.

Although the majority of respondents claim they don't spend much time searching for jobs or looking for alternative situations, the average respondent received an average of 1.26 job offers, went on 2.9 job interviews and received 9 headhunter phone calls in 2000.

Executives who search to boost their compensation, title or promotability, are less urgent in their quest for a new job than those who genuinely seek to leave their companies, according to the researchers. However, even executives who wouldn't think of actively presenting themselves as job candidates will dabble with the search market to test the waters. They respond to opportunistic headhunter calls. They may also make selected inquiries about job possibilities that interest them.

Several factors prompt job search for bargaining leverage. Executives who feel they are relatively disadvantaged use it to find out how they measure up to the outside world. Job and career progression may also be relevant. Executives near the top of a management hierarchy may see little value in seeking leverage for further advancement; those further down may see broader opportunities in job search for bargaining leverage.

However, the role of money in leverage appears more complex. "Compensation level and equity alone don't predict job search for bargaining leverage," says Boswell. "What drives it is complex individual differences that relate to employee


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needs and values, particularly how they view their financial status."

Employees at lower compensation levels are not merely seeking leverage to enhance their current situation. This study revealed that an individual's overall financial situation matters most. Managers who perceive they are financially strained, perhaps due to extravagant lifestyles, were most likely to seek leverage.

Individuals placing a great deal of value on money and related extrinsic rewards (e.g., prestige, recognition) were also likely to seek leverage. "The more money symbolizes effort, achievement, status or happiness for an individual, the more likely he or she will be motivated to maximize rewards," says Boswell. 

For more information regarding this research please contact Professor John Boudreau via email: jwb6@cornell.edu, or Tel: 607-255-9358. This article references research from the CAHRS Working Paper #02-01, which can be found on our web site: <http://www.ilr.cornell.edu/cahrs/WPapers.html>.

Up Close With....

Larry Kelleher of FPL Group, Inc.

A 25-year veteran of FPL Group, Inc., Larry Kelleher, Senior Vice President of Human Resources and Corporate Services, has seen the energy and utility industries reshape themselves dramatically. "The economy, deregulation and competition continue to offer FPL Group opportunities throughout the U.S.," says Kelleher. "We're positioning ourselves to seize the moment as well as stay the course as a focused energy provider."

With more than 12,000 employees and annual revenues of approximately \$8 billion, FPL Group provides energy-related products and services and has a presence in more than 18 states. The company comprises three major operating units:

- Florida Power & Light (FPL) Company, which serves approximately 4 million customer accounts in Florida.
- FPL Energy, which operates a 5,063-megawatt portfolio of plants in 17 states and produces electricity from clean and renewable fuels. It is the nation's leader in wind energy.
- FPL FiberNet, which provides fiber-optic services and fiber-optic cable to telecommunications-related companies within Florida, capitalizing on the substantial growth in fiber-optic communications in the state.

Says Kelleher, "We can move into many different markets because our energy sources are diversified. We're not dependent on one fuel source, and we use clean fuels or other environmentally friendly sources like wind, gas, hydropower, or nuclear energy."

The company's human resources (HR) operations are centralized, although FPL, FPL Energy, and FPL FiberNet have a dedicated human resources professional on staff. At the corporate level, FPL Group's HR staff comprises 110 professionals grouped in traditional centers of excellence such as compensation and benefits, labor relations, quality, executive services, training and development, to serve all areas of the company.

To support FPL Group's rapid 7 percent growth rate, recruitment in and outside the utility sector is a key HR priority. Says Kelleher, "We're looking for talent in a variety of areas – engineering, operations, project management, marketing and development, and distribution."

Kelleher points to several popular HR programs that have helped FPL Group attract and retain top talent. Healthy Habits, FPL Group's wellness program, offers smoking



Larry Kelleher, Senior VP of Human Resources, FPL Group, Inc.

cessation, weight watchers, yoga, tai chi and mental wellness to enable employees to balance their lives. The program provides measurable returns to FPL Group: every dollar the company invests reduces medical expense, absenteeism and other costs by \$1.60.

FPL Group's Mentoring Program helps ambitious employees get ahead. New employees, college recruits or mid-level staff can volunteer to partner with FPL Group mentors for guidance on successfully negotiating the company's career track. Drawn from past mentees or managers demonstrating mentoring potential, the mentors include individuals from all company levels, including officers. For three years, fifty mentor


pairs have met twice a month, with quarterly group meetings to share experiences.

"Diversity training is another program where HR has made a real impact," says Kelleher. HR provides classroom instruction and e-learning for middle managers and up every two to three years. "We also review each business unit's compensation, development and training programs with the diversity issue in mind. We call it 'management encouragement.'"

Kelleher says HR's diversity program is widely accepted throughout FPL Group because it's presented as a program that benefits the company. "Since our customer base is highly diversified, it makes sense to look at broadly diversifying our workforce as well," he says.

An engineer by training, Kelleher began his career with FPL in power plant operations and progressed through management positions in engineering, supply chain, strategic planning and human resources. He served as director of management services for FPL before joining FPL Group.

Since then, he has held senior management positions, including director of corporate development and strategic planning, president of Praxis and president of FPL Group's real estate operations. He serves on numerous national boards and councils and was recently named executive of the year by the Human Resources Executive Institute.

Kelleher recognizes that HR needs to provide value across many different dimensions. "Many HR functions can easily be outsourced. If we're going to be the preferred provider, we need to be better, faster and cheaper. We can't lose sight of our 'customers', and we need to provide a balance between the company and our employees." 

FPL Group, Inc. joined CAHRS in 2002; the 'Up-Close With ...' profiles feature interviews with leaders of CAHRS sponsors.

Company HR Profile

Qwest Communications International, Inc.

Qwest Communications International, Inc. is a \$19 billion Internet-based data, voice, image and multimedia communications company that serves more than 30 million customers in the U.S. and abroad. Headquartered in Denver, it provides Web hosting services, managed solutions, high-speed Internet access, private networks, wireless data and other Internet technologies and applications.

Created in 1995 when SP Telecom, a subsidiary of Southern Pacific Railroad, combined with Qwest Corporation, a Dallas-based digital microwave firm, Qwest acquired US West, the Denver-based 120-year old telecom giant that served 14 states throughout the West in 2000. Besides adding scale and size, the acquisition brought a new variety of technologies like Digital Subscriber Line (DSL) services, advanced frame relay, wireless and digital switching. Qwest's advanced fiber optic networks now link 30 million U.S. customers.

Ian Ziskin, Executive Vice President of Human Resources, has his hands full managing a company of more than 56,000 employees worldwide, still recovering from the aftershocks of multiple mergers - along with the crunch of the dot.com slowdown. "We've organized human resources to reflect how our business is organized and the changes we're making to re-size the company reflect current business realities," he says. "This means centralizing resources where it makes sense to have common processes and where it reduces cost."

Human resource professionals are assigned to business units and operate as part of business unit teams including, consumer markets, global business accounts, national business accounts, wireless and worldwide operations.

When Ziskin joined Qwest, a few months into its merger with US West, he immediately faced a series of challenges. "One was operational excellence, but it came at a steep price," says Ziskin. "When I arrived in November 2000, Qwest had 68,000 employees. By

September 2002, we expect to have 53,000, without negatively affecting service levels." "We're improving our organizational capability - reducing layers and improving the effectiveness of how we're set up to deliver to customers." "I have also been on a mission to take the HR headcount of the combined companies from 650 to 330 people," says Ziskin. "The first step was to commonize processes and bring together resources from US West and Qwest to do more with less. In many cases, we had to do it with more centralized practices."

Learning and development programs, for example, were either highly decentralized or nonexistent across the merger partners. Says Ziskin, "We commonized these initiatives under one umbrella to reduce operating costs." He also looked at overlapping programs, selected those that benefited the greatest number of employees, discontinued superfluous programs, squeezed multiple vendors and leveraged costs.

He was also committed to plowing some savings back into critical HR initiatives that weren't being addressed at the time of the merger, such as succession planning and executive development. "The Qwest culture is entrepreneurial - customer focused and performance driven, high integrity, fast/flexible/innovative and respectful of individuals. We need to integrate this culture into all our HR systems."

Over the next twelve months, HR will continue to launch priorities designed to reinforce Qwest's leadership quality, entrepreneurial culture, organizational capability, operational excellence, and world class HR function.

Having weathered extensive change, Qwest employees are anxious for stability in 2002, says Ziskin. "Everyone has had something taken away, and we're committed to executing on our priorities and building credibility by keeping our promises." He adds. "We like to think of our organization as a small company soul in a big company body." 

Qwest, Inc. joined CAHRS in 2002; the 'Company Profile' articles feature a corporate HR view of new CAHRS sponsors.

International HR

Corporate Success via Distance Learning

The early-bird award for the Spring semester goes to Boeing, St. Louis, where members of Boeing's HR group were *in class* by 6 a.m. each Wednesday morning to participate in Professor Patrick Wright's distance learning seminar, *Managing Strategy, People, and HR in a Global Digital World*.

Boeing was joined, virtually, by IBM Europe's HR group in Paris where class members had the luxury of a mid-day start, and participants at Motorola and Renmin Universities in Beijing, and Jiao Tong University in Shanghai, China, who linked in by videoconference just after dinner. Twenty-five MILR Cornell students in Ithaca rounded out the global seminar — all part of the ILR School's *Global Certificate in Industrial Relations and HR Management* program.

This interactive class was highlighted during the semester by presentations from guest lecturers, including CAHRS sponsor Ken Carrig, Senior Vice President of HR and CAO of SYSCO Foods, and John Hofmeister, Director of HR, Shell International. Students in particular cited how much the experiences shared by guest lecturers enhanced their understanding of course content.

Wright's virtual colloquium also featured cross-national team presentations by Cornell and Jiao Tong graduate students working together on real life issues posed by the partner companies. Team consulting reports prepared for Boeing, IBM, Motorola, and faculty of Renmin University were unique in that they included diverse cultural perspectives based on research and interviews conducted in their home countries. As Dave Hutchins, Senior Manager of Employee Relations at Boeing pointed out, "I think anytime one is given an opportunity to

attend a class with such global diversity, whether it's new subject content or a refresher course that is related to their professional career, it allows both the employee and their company to benefit. The bonus was getting the Educational/Business/Students perspective on existing problems that are real-time issues in the HR world. The presentations and discussions were educational and focused on problem solving solutions."

We were delighted during the semester to be joined by Citigroup's HR group in London who participated as guests in April to learn more about this distance-learning classroom. Pat was leading the class that day from Shanghai where he was joined by a number of CAHRS sponsors working in China. The beauty of the virtual classroom is that it can be taught from any of the partner sites, and often is!

Scott Snell will teach the next course in the global certificate program that begins in September, *Strategic Human Resource Management: HR's Role in Learning and Innovation*. A key assignment of the course will have



Alex Ruch, MILR '02, listens as the IBM Europe (Paris) class shares feedback on a consulting report prepared by Cornell and Jiao Tong University students for IBM on approaching IT strategic outsourcing, i.e. making deals profitable more quickly.

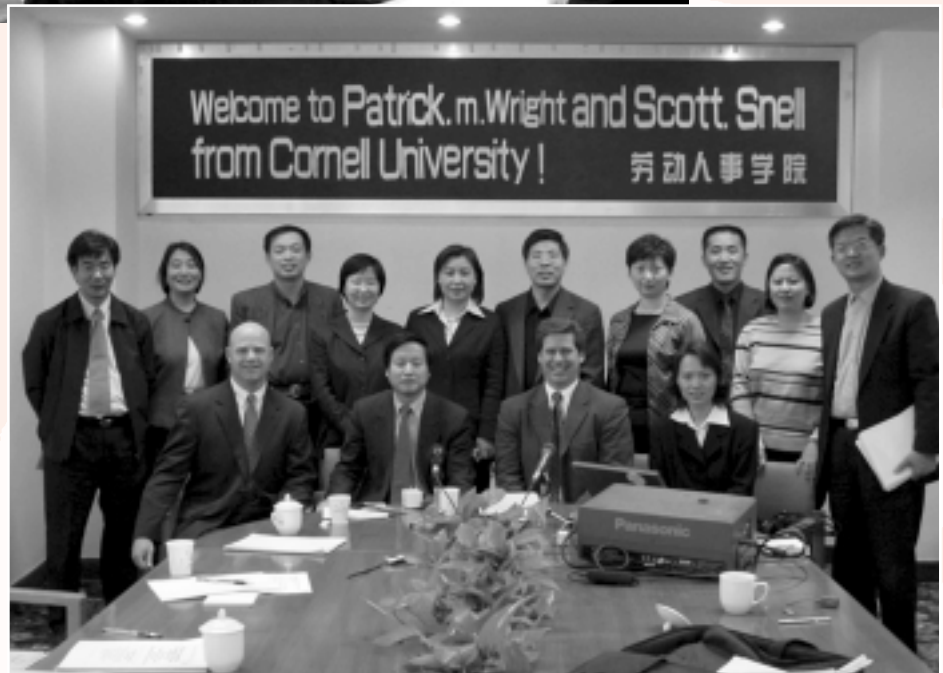


Professor Patrick Wright leads the global HR class from Ithaca that includes synchronous participation with IBM Paris, Boeing St. Louis, Shanghai Jiao Tong University, Renmin University of China and Motorola University in Beijing. Off site course participants are viewed on the screen in the background.

students consulting with executives in the class to prepare a “Strategic Human Resource Management Audit” i.e., students will analyze a company—either a company participating in the class or a selected competitor—its competencies, intellectual capital, and strategic alignment of HR systems. Based on that analyses, students then present a set of recommendations intended to help those company’s partnering in this global class to improve performance and strategic capability.

This course was recently featured in *The Chronicle of Higher Education* – to view the article, visit the website: <http://chronicle.com/free/v48/i36/36a03904.htm> . 

To view the syllabus for Scott Snell’s upcoming class *HR’s Role in Learning and Innovation* or to learn more about partnering in this virtual classroom, visit the website <http://www.ilr.cornell.edu/dl/globaled/> or contact Robin Remick, rjr4@cornell.edu tel 607.254.2950.



Members of the global HR class welcome professors Scott Snell and Pat Wright to Beijing. During their visit to China, Pat and Scott led public seminars in Shanghai and Beijing that were attended by a number of CAHRS Sponsors in the region.

Sponsorship

Executive Guest Lecture Series


CAHRS serves as a broker, matching speakers to classes, and helping sponsors to get the most out of their classroom appearances by working closely with faculty to link topics to educational objectives. Each semester, CAHRS also provides the opportunity for high-level human resource executives to participate in the Executive Guest Lecture Series at the ILR School.

CAHRS is pleased to continue bringing human resource executives to the ILR School to participate in our Executive Guest Lecture Series. Most of these lectures are

videotaped, and are available for viewing by our students and faculty.

Sponsors, if you would like to be one of our next premier guest lecturers in this unique opportunity, please contact Dr. Pamela Stepp, Managing Director of CAHRS, to discuss your ideas and schedule a lecture date. Just contact our office to set up an appointment.

To view our website and see overviews of various lectures, visit the link:

<http://www.ilr.cornell.edu/cahrs/GuestLectures.html> . 

March 5, 2002	Marcia Avedon , Vice President, Corporate Human Resources Honeywell, Inc. <i>"Leadership Development Strategies"</i>
October 24, 2001	John M. Murabito , Senior Vice President, Human Resources Monsanto Agricultural Company <i>"Developing Leaders in a Time of Uncertainty and Controversy"</i>
April 3, 2001	David R. Nachbar , Senior Vice President St. Paul Companies, Inc. <i>"Creating a Unique Employee Brand"</i>
November 15, 2000	George A. "Andy" Rich , Executive Vice President of Human Resources Charles Schwab & Co., Inc. <i>"Creating a Values-Driven Environment"</i>
October 11, 2000	Stephen H. Leven , Senior Vice President and Worldwide HR Director Texas Instruments, Inc. <i>"TI's Strategic Redirection Beginning in the Mid-1990's and the Role of HR in the Company's Transformation"</i>
April 3, 2000	Norman C. Walker , Head of Human Resources Novartis AG <i>"The Role of HR in International Mergers and Acquisitions"</i>
March 6, 2000	J. Randall MacDonald , Executive Vice President of Human Resources GTE Corporation <i>"Strategic Talent Recruitment and Retention: Staffing the New Economy"</i>
October 5, 1999	Dennis Donovan , Senior Vice President of Human Resources Raytheon Company <i>"Creating Strategic Change Through HR Leadership"</i>

In The News



Dean Ed Lawler

ILR Dean Lawler Announced as Recipient of Inaugural SUNY Chancellor's Award for Excellence in Scholarship and Creative Activities Award - ILR's Research and Publications Committee nominated Dean Ed Lawler for this award, and this honor celebrates his distinguished (and continuing) contributions to the fields of sociology and social psychology. The letter accompanying his nomination stated, in part: "Ed has authored or edited 15 books and some 50 articles for professional journals, he is founding editor of *Advances in Group Processes*, served a 4-year term as editor of *Social Psychology Quarterly*, and since coming to the School has received two National Science Foundation grants. His scholarly work has continued unabated in recent years, despite his duties as Dean, and last year he was recognized by American Sociological Association's Section on Social Psychology with its highest honor: the prestigious Cooley-Mead Award."



Stuart Basefsky

Stuart Basefsky Receives Pride of Workmanship Award - Catherwood's Senior Reference Librarian has been recognized by the annual Ithaca Rotary Club award to honor outstanding performance and "workplace pride." One criterion for the award is that the individual be a recognized leader in the effort to link the Ithaca community with those they serve. Stuart was on the Site Based Council for the Boynton Middle School from 1994 to 1996 and has served as president of the Ithaca Public Education Initiative since its inception in 1996. Stuart was one of the founding members who developed this innovative program which provides mini grants to teachers and matches community resources with classroom needs. He is an Information Specialist and Instructor at the Martin P. Catherwood Library, ILR, Cornell University, and Director of the News Bureau of the Institute for Workplace Studies in the NYC Office of the ILR School. With more than 20 years' experience in information and library science, Basefsky's work has included teaching at ILR and the University of North Carolina at Chapel Hill; working as a government documents and public policy specialist at Duke University and North Carolina State University; and consulting, most recently for the ILO in Geneva, Switzerland. Basefsky holds a bachelor's degree in International Affairs from the University of Colorado at Boulder, a masters degree in International Studies and Education from Duke University, and a masters degree in Information and Library Science from the University of North Carolina at Chapel Hill.

ILR Business Strategy Students Bring Home the Trophy - Five ILR students won the Spring 2002 Cornell Business Strategy Case Competition. The winning team members are Amy Gerhard, Tom Mendez, Catherine Robbins, Nandini Vohra and Wendy Wu. The competition was held this semester between the Business Strategy classes of Professor Mark Shadur in ILR and Professor Daniel Simon in Applied Economics and Management (AEM). The competition is an innovation established by ILR Professor Chris Collins and AEM Professor Daniel Simon in Fall 2001 and the plan is to continue this event each semester that the strategy courses are taught. The competition is judged by independent experts and this semester three consultants from *Accenture* adjudicated. The school with the winning team holds a trophy until the next competition and the first place team receives \$500 with second and third placed teams receiving \$250 and \$100. AEM students carried second and third place this semester. We are especially proud of the ILR team given that our students are not required to take the same types of business classes (e.g., finance, accounting, marketing) as do the AEM students. The judges applauded the creativity, feasibility of implementation and enthusiasm of the winning ILR team. For more information regarding this competition please contact Assistant Professor Chris Collins via email: cjc53@cornell.edu.

CAHRS in Cornell Alumni Magazine - The May/June 2002 issue featured CAHRS in the article *From Perks to Pink Slips: Studying the Changing Face of Human Resources*. The article gave an overview of the CAHRS program and quoted Director Dr. Patrick Wright and Managing Director Dr. Pamela Stepp. To read the entire article visit the link to our website: <http://www.ilr.cornell.edu/cahrs/news.html>.

CAHRS EVENTS CALENDAR

2002/2003

- Spring International Sponsor Meeting 2002 June 3-5, 2002 Berlin, Germany
- CAHRS Sponsor Executive Roundtables August 27, 2002 Ithaca, NY
for the ILR Student Orientation
- CAHRS Executive Briefing Profiling IBM October 9, 2002 Armonk, NY
- CAHRS Fall Sponsor Meeting 2002 November 13-15, 2002 Ithaca, NY
- International Human Resource Executive April 27-May 2, 2003 Ithaca, NY
Development Program, (A One-Week Program)
- CAHRS Spring Sponsor Meeting 2003 May 7-9, 2003 Ithaca, NY
- CAHRS Fall Sponsor Meeting 2003 November 12-14, 2003 Ithaca, NY

Other ILR Events

- Delivering Competitive Advantage April 28 - May 3, 2002 Ithaca, NY
Through Human Resource Systems
- Cornell Annual Career Fair September 24-25, 2002 Ithaca, NY
- Creating Competitive Advantage October 6-11, 2002 Ithaca, NY
Through People
- ILR Career Fair October 17, 2002 Ithaca, NY
- Managing for Impact: November 6-8, 2002 Washington, DC
Driving Firm Performance Through HR

*For more information, contact Jo Poole at 607/255-9358 or email: jap7@cornell.edu,
or visit our website at: <http://www.ilr.cornell.edu/cahrs/Calendar.html>*

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