Crisis Communication:
A mixed method study of supervisor leadership and employee performance during the 2008 – 2009 financial crisis

Ruby A. Rouse, Ph.D. & Richard S. Schuttler, Ph.D.

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# Table of Contents

**Executive Summary** .......................... 1  
**Problem & Purpose** .......................... 2  
**Significance** .................................. 3  
**Conceptual Framework** .................... 3  
**Model & Research Questions** ............... 4  
**Methodology** ................................ 5  
**Major Findings** .............................. 6  
**Recommendations** ............................ 8  
**So what, who cares, and what does it mean?** 11  
**Principal Researchers' Biographies & Contact Information** 13  
**References** .................................. 14  
**Appendices**  ..................................  
  A Sample Analysis ................................ 15  
  B Statistical Results ............................ 21  
     *Demographics* ................................. 21  
     *Dimensions* .................................. 25  
     *Gap Analysis of the Financial Crisis* .......................... 27  
     *Supervisor Leadership & Communication* .......................... 29  
     *Employee Performance* .......................... 29  
  *Research Questions* .......................... 30  
     RQ #1 - Industry differences .................... 30  
     RQ #2 - Financial crisis & supervisor leadership/communication .............. 31  
     RQ #3 - Supervisor leadership/communication & employee performance .......... 32  
  *Quantitative* .................................. 33  
     Zone analysis .................................. 33  
     Gap analysis .................................. 34  
  *Qualitative* .................................. 35  
     Supervisor changes during the financial crisis .................................. 35  
     Employee performance .......................... 37  
     Supervisor communication .......................... 38  
     Suggestions .................................. 41  
  C Rotated Factor Component Matrix .............. 44  
  D Descriptive Statistics for Supervisor Leadership & Communication  
     by Industry .................................. 47  
  E Post Hoc Comparison of Supervisor Leadership Communication Scores by  
     Industry ..................................... 48  
  F Influence of Financial Crisis Perceptions on Supervisor Leadership  
     & Communication .................................. 49  
  G Analysis of Variance in Supervisor Leadership Communication, Employee  
     Performance, Organizational Outcomes, and Composite Score by Role .......... 50

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List of Tables

1. Gender Comparison of U.S. Employed Population and Study's Sample ..........16
2. Descriptive Statistics of Perceptions of the Financial Crisis, Supervisors, and Employees by Participant's Gender ................................................................. 16
3. Analysis of Variance of Perceptions of the Financial Crisis, Supervisors, and Employees by Participant's Gender ................................................................. 16
4. Marital Status Comparison of U.S. Employed Population and Study’s Sample ..17
5. Descriptive Statistics of Perceptions of the Financial Crisis, Supervisors, and Employees by Participant's Marital Status ............................................................. 18
6. Analysis of Variance of Perceptions of the Financial Crisis, Supervisors, and Employees by Participant's Marital Status ............................................................. 18
7. Age Comparison of U.S. Employed Population and Study’s Sample............19
8. Correlation of Age with Perceptions of the Financial Crisis, Supervisor, and Employee Scores ........................................................................................................... 20

List of Figures

1. Schuttler’s red, yellow, and green organizational performance zones ...............3
2. Financial crisis model of leadership communication ............................................4
3. Gender comparison of U.S. employed population and study's sample ............15
4. Marital status comparison of U.S. employed population and study's sample ....17
5. Age comparison of U.S. employed population and study's sample ...............19
6. Frequency of participation by gender .................................................................21
7. Frequency of participation by age ........................................................................21
8. Frequency of participation by marital status ......................................................22
9. Frequency of participation by income .................................................................22
10. Frequency of participation by organizational role ............................................23
11. Participants’ number of years working with their current organization ............23
12. Frequency of participation by industry ...............................................................24
13. Frequency of participation by the number of employees in the organization ...24
14. Frequency of concern about performance issues ..............................................25
15. Frequency of concern about cash flow issues ....................................................26
16. Frequency of concern for employee issues ......................................................26
17. Frequency of concern about market issues .......................................................26
18. Comparison of concerns about performance issues by organizational role ....27
19. Comparison of concerns about cash flow issues by organizational role .........27
20. Comparison of concerns about employee issues by organizational role .......28
21. Comparison of concerns about market-related issues by organizational role ..28
22. Effectiveness of supervisor leadership and communication by zone .............29
23. Effectiveness of employee performance by zone ............................................29
24. Supervisor leadership and communication by industry ..................................30
25. Scatter plot and regression line of the relationship between perceptions of supervisor leadership communication and employee performance ..........32

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26 Scatter plot divided into red, yellow, and green performance zones..........................33
27 Percentage of organizations functioning in red, yellow, and green performance zones..........................................................................................................................33
28 Comparison of supervisor, employee, outcome, and composite scores based on organizational role...............................................................34
29 Percentage of participants reporting changes in supervisor communication during the financial crisis ..................................................................................................................35
30 Themes about supervisor communication changes during the financial crisis ..........................................................................................................................36
31 Overall influence of the financial crisis on employee performance......................37
32 Participants’ evaluation of supervisor communication during the financial crisis ..................................................................................................................38
33 Communication themes for improving supervisor communication.........................41
34 Emotional intelligence themes for improving supervisor communication............42
35 Themes for improving supervisor communication during the financial crisis ..................................................................................................................43
Executive Summary

Problem
- Absent or confusing organizational leadership and communication often results in poor employee performance.
- Many supervisors fail to communicate about how the unprecedented financial crisis may influence organization and worker performance.

Methodology
- An online survey conducted in the summer of 2009 collected insight from 1,150 working adults across the United States.

Major Findings
- The financial crisis negatively influenced employee and organizational performance.
- Leaders have not changed the way they communicate with employees during the crisis.
- A disparity of organizational outlook and shared knowledge exists.
- Supervisor leadership and communication significantly correlate with the performance of employees during the financial crisis.
- Working adults appreciate leaders, who are transparent, honest, and encouraging.
- Many supervisors use threats and intimidation during the financial crisis.

Recommendations
- Scholar – Academic professionals should conduct additional studies to further understanding of different leadership communication behaviors across industries. Longitudinal studies should track performance over time, while phenomenological designs investigate the frequency and intensity of threats during the financial crisis.
- Practitioner – Workforce professionals should recognize that employees, middle managers, and senior leaders have different perceptions of the financial crisis. Targeted organizational assessments and focused training for all employees should be used to proactively prepare stakeholders for the challenges of the crisis.
- Leader – Senior leaders should carefully monitor crisis communication to prevent the use of threats and intimidation. Situational leadership skills should be developed; and public policymakers should consider organizational benchmarking when dispersing governmental stimulus funds.

So what, who cares, and what does it mean?
- **Why should leaders change?** Leaders have responsibilities to adapt on the behalf of their employees, organizations, and society.
- **How should leaders change?** Leaders must increase their transparency, honesty, and visibility during the financial crisis. They must also resist micromanagement, misinformation, threats, and intimidation.
- **What results can be expected if leaders change?** Effective adaptation during the financial crisis should significantly improve employee outcomes, such as morale, innovation, openness, collaboration, and willingness to change.

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Crisis Communication:
A mixed method study of supervisor leadership and employee performance
during the 2008 – 2009 financial crisis

In October 2008, the United States experienced an unprecedented financial crisis. The historic stock market decline and $700 billion government bailout left capital markets frozen and investor confidence at record lows. Organizations representing a wide range of industries scrambled to adapt to changing market conditions. Richard Torrenzano, a New York Stock Exchange spokesperson during the market crash of 1987, suggested “failures of leadership and communication are at the core of the Financial Panic of 2008” (as cited in “Financial Crisis,” 2008, ¶ 1). Leveraging insight from an economically diverse sample of leaders representing a variety of industries, a national study examined employees’ perceptions about their organizations’ communication during the financial crisis.

Problem & Purpose

Absent or confusing organizational leadership and communication often results in poor employee performance. Bohn and Grafton (2002) reported a highly significant correlation between perceived leadership and organizations’ ability “to cope effectively with the demands, challenges, stressors, and opportunities it encounters within the business environment” (¶ 3). Organizations with ineffective leadership were perceived as performing at significantly lower levels. Additionally, the relationship between leadership and performance varied by industry, with the type of organization accounting for 14% of the variance in perceived leadership (Bohn & Grafton, 2002).

In particular, many supervisors fail to communicate about how the unprecedented financial crisis may influence organization and worker performance. Despite the fact that 71% of employees believe their leaders should proactively communicate about the current economic problems, more than half of surveyed workers reported supervisors have said nothing about how the financial crisis will affect their companies. This is problematic since about 62% of employees expect their organizations will have difficulty meeting performance objectives in 2009 (Weber Shandwick, 2008).

The purpose of the mixed-method study was to examine the leadership and communication process of supervisors from a variety of U.S. industries during the financial crisis of 2008-2009. Qualitative open-ended questions allowed participants to share lived experiences about the impact of economic changes on their industry. Additionally, the Supervisor Leadership and Communication Inventory (Rouse & Schuttler, 2008), a validated instrument with high reliability (Rouse, 2008, 2009a, 2009b), measured the correlation between supervisor leadership/communication and employee performance.

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Significance

The magnitude and timing of the financial crisis presented a unique and limited window of opportunity to study the leadership process during “one of the most turbulent times in American history” (Pepicello, 2008, ¶ 3). The University of Phoenix, with access to a diverse sample of practitioners representing a cross-section of U.S. industries, had an opportunity to further understanding of leadership during the unprecedented financial crisis. The economic and personal consequences of the crisis demonstrated how leaders must be prepared to cope with variables outside their control as well as communicate unexpected policy and vision changes to stakeholders. Bohn and Grafton (2002) noted leaders need to provide clarity of goals, foster a culture that promotes cooperation among members, and provide consistency in communication and purpose, in order to build trust.

Conceptual Framework

Based on the conceptual framework of Dr. Richard Schuttler’s book the Laws of Communication: The Intersection Where Leadership Meets Employee Performance, the Supervisor Leadership and Communication Inventory (SLCI) assesses correlations between supervisor leadership communication and employee performance. The process, diagrammed as a two-dimensional grid, illustrates how supervisors’ communication and leadership influence workers’ behavior. The model classifies organizations into red, yellow, and green performance categories (see Figure 1).

- **Red Zone**
  Red leaders tend to be myopic, often micro-managing employees and frequently changing directions. Such behavior warns of immediate and significant danger to the organization.

- **Yellow Zone**
  Yellow supervisors often display reactive ‘fire-fighting’ strategies that do not clearly link performance standards

![Figure 1. Schuttler’s red, yellow, & green organizational performance zones](www.SLCI.ws)
with organizational goals. Likewise, employees take ‘two steps forward and one step back,’ operating in a floundering environment where ‘anything goes.’ Yellow zone behaviors signal leaders to exercise caution.

- **Green Zone**
  Green leaders are active, open individuals who ‘walk-the-talk’ with coaching and mentoring. Such supervisors inspire employees to display innovative, imaginative problem-solving skills that assist organizations in effectively managing strategic change. Such leaders promote appropriate employee performance, in turn resulting in positive organizational outcomes. Green zone behaviors signal leaders the organization is fine; but they should still remain alert.

### Model & Research Questions

Figure 2 illustrates the study's hypothesized model of supervisor leadership communication during the financial crisis.

![Diagram of the model](image)

**Figure 2.** Financial crisis model of leadership communication.

**RQ 1** What leadership and communication differences, if any, exist between supervisors from various U.S. industries during the 2008-2009 financial crisis?

**RQ 2** What correlation, if any, exists between perceptions of the 2008-2009 financial crisis and supervisor leadership/communication?

**RQ 3** What correlation, if any, exists between supervisor leadership/communication and employee performance during the financial crisis?

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Methodology

Overview
Data collection occurred over a six-week period in the summer of 2009. An online survey recorded the perceptions of 1,150 working adults, age 18 or older, in the United States. The sample size was sufficiently large enough and considered generally representative of the population of working adults in the United States (see Appendix A).

Sample Design

- The University of Phoenix’s National Research Center (NRC) sent email invitations to 50% of the faculty and learners in the School of Advanced Studies (SAS). These individuals represented working adults from a variety of industries.
- Two websites (www.SLCI.ws and www.NRC-SLCI.com) provided the public with an opportunity to participate.
- A snowball sampling technique also encouraged participation. The principal researchers and six Advisory Council members sent email invitations to personal and professional networks in Arizona, California, Colorado, Florida, Georgia, Hawaii, Indiana, Kansas, Kentucky, Michigan, Ohio, and Texas.
- After completing the survey, a note containing a link to the survey encouraged participants to share information about the study with other working adults.

Measurement Instrument
A series of open and closed questions measured participants’ perceptions of the financial crisis as well as supervisor and employee performance. Measures included Rouse and Schuttler’s (2008) *Supervisor Leadership and Communication Inventory* (SLCI), a validated instrument with high reliability that measures the correlation between supervisor leadership/communication and employee performance. Similar to a Myers Briggs assessment of individual characteristics, the SLCI assesses organizational communication traits.
Major Findings

Data analysis found significant support for industry differences in leadership communication (RQ1), as well as a significant, but moderate, correlation between perceptions of the financial crisis and supervisor behavior (RQ2). The data also identified a highly significant relationship between leadership communication and employee performance during the financial crisis (RQ3). Detailed statistical analysis is in Appendix B. In addition to the study's research questions, several other holistic conclusions can be drawn from the data.

Performance during the Financial Crisis

The financial crisis negatively influenced employee and organizational performance. About 70% of working adults said their organizations experienced difficulty making payroll; 58% reported trouble paying bills. Individuals representing education, healthcare, business, manufacturing, government, and non-profit organizations consistently reported yellow zone performance during the financial crisis. Schuttler (2010) suggested the culture of a yellow zone organization is ambiguous. To some it looks optimistic; to others, it is frustrating. Performance is mediocre, with significant opportunities for improvement.

Despite declines in performance, working adults expressed only moderate concern about the financial crisis. In the quantitative section of the study, most participants indicated they were not concerned about pay, benefits, or potential job-loss; 60% reported no decline in employee morale. The qualitative open-ended questions produced a different result.

A disparity of organizational outlook and shared knowledge exists. Senior leaders expressed significantly less concern about employee-related issues, such as layoffs and downsizing, than frontline workers. Leaders were more concerned about market-related issues, such as declining sales and consumer demand. These differences suggest senior leaders are not fully aware, or perhaps not engaged, in the concerns of middle managers and employees. Likewise, employees’ fear of losing their jobs may result in tunnel vision that limits their ability to understand the big picture of their organizations.
Leaders have not changed the way they communicate with employees during the crisis. Approximately 64% of working adults in the study report supervisors use a ‘business as usual’ mentality to weather the storm. While some individuals appeared comfortable with such an approach, 82% of working adults expressed frustration and concern with supervisors’ lack of adaptation.

Supervisor leadership and communication significantly correlate with the performance of employees during the financial crisis. Low supervisor scores were significantly associated with low employee performance; while high supervisor ratings correlated with high worker performance. Supervisor scores explained about 60% of the variance in employee performance.

Working adults appreciate green zone leaders, who are transparent, honest, and encouraging. Study participants expressed a strong desire for open, objective information. Conversely, they complained about leaders who “sugar coat,” “spin,” or lie.

Many supervisors use threats and intimidation during the financial crisis. Repeated descriptions of threatening communication emerged in open-ended comments. Several employees described authoritarian red zone leaders who foster a “culture of fear” during the financial crisis. Workers said they are told to be thankful they have a job and are reminded they can be easily replaced in the financial crisis. While senior leaders are understandably concerned about organizational survival, use of intimidation placed employees and supervisors in adversarial roles, eroding organizational trust and leadership integrity.
Scholars – Academic Professionals

While the results of the study provide insight into leadership and communication during the financial crisis, the findings are preliminary and based on a non-probability sample of working adults in the summer of 2009.

Scholars should consider the following:

- **Continue testing the financial crisis instrument developed in the study** - Researchers should consider quantitative studies that correlate perceptions of the financial crisis with important dependent variables such as employee stress, burnout, turnover, satisfaction, trust, visibility, and attentiveness.

- **Examine specific industries** – Data identified significant differences between traditional businesses and government or non-profit entities. Additional studies are needed to better understand how and why leadership and communication differ across various industries during the financial crisis. Such research could identify potential ‘best practices’ for adoption by others.

- **Conduct longitudinal studies to track performance** – Quantitative tracking about how, if at all, supervisor leadership communication and employee performance change during prolonged crises would further understanding of organizational dynamics and decision-making.

- **Perform phenomenological studies of threatening communication** – Qualitative investigation of the lived experiences of employees, middle managers, and senior leaders should document the frequency and intensity of threatening communication during the financial crisis.

- **Factor analyze the Supervisor Leadership and Communication Inventory (SLCI)** – An empirical test of Schuttler’s (2010) stoplight conceptualization of organizational performance would further the development of reliable, valid, and predictive instruments of leadership. Such measurement tools would be useful in a broad range of social science research, including management, marketing, communication, psychology, sociology, political science, and ethics.
Unlike scholars, who are primarily interested in researching and understanding the leadership and communication process, practitioners confront a barrage of daily challenges caused by the financial crisis. Data from the study indicated practitioners from a variety of industries focus on finding solutions to significant economic problems caused by the crisis. Practitioners should consider the following:

- **Recognize differences in employee, middle manager, and senior leader perceptions of the financial crisis** - Leaders should not assume employees understand the ‘big picture’ of how the financial crisis influences organizational performance. In fact, data from the study suggest employees tend to focus on personal implications of the crisis, resulting in organizational ‘tunnel vision.’ Ironically, this tendency may be due, in part, to senior leaders’ refusal to share information about how the financial crisis influences the organization.

- **Conduct a targeted organizational assessment** – Individual organizations present unique circumstances and challenges. As a result, practitioners should conduct a *Supervisor Leadership and Communication Inventory* (SLCI) assessment for their organizations to get tailored feedback about strengths and opportunities for improvement during the financial crisis. This would provide an immediate ‘snapshot’ and informed awareness of their workplace in regards to red, yellow, and green zone performance. In turn, the evaluation will allow leaders to start making data-driven decisions to improve employee and organizational performance.

- **Benchmark senior and mid-level leaders for success**
  - Use SLCI results to identify leadership and communication scores during the financial crisis.
  - Use the forecasting technique developed in the study to predict how changes in supervisor leadership and communication are expected to influence employee performance.
  - Set specific performance improvement objectives for leaders and managers
  - Assess every 6 to 12 months to trend improvements and provide leaders with feedback about supervisor, employee, and organizational performance.

- **Conduct focused training for all employees** – Use the concepts in Schuttler’s (2010) book, the *Laws of Communication: The intersection where leadership meets employee performance*, to inform organizational stakeholders about the supervisor and organizational attributes of red, yellow, and green performance zones.
• **Foster a green zone culture** – Working adults consistently indicated they expect:
  o **Transparency** – Supervisors who are open and frequently share information
  o **Honesty** – Supervisors who provide truthful, objective information
  o **Visibility** - Leaders who primarily use face-to-face communication, rather than e-mail, so they are perceived as visible and approachable
  o **Leading by example** – Leaders who ‘walk the talk’ by demonstrating willingness to behave as employees are expected to act
  o **Collaboration** – Supervisors who involve employees in strategic planning to empower and encourage workers to help find solutions to problems caused by the financial crisis

• **Avoid a red zone culture** – Working adults consistently complained about:
  o **Secrecy** – Leaders who intentionally hide information
  o **Lying** – Deceitful supervisors who spread incorrect information
  o **Bias** – Managers who ‘spin’ information to prejudice listeners’ conclusions
  o **Hypocrisy** – Supervisors who say one thing but do another; individuals who show favoritism toward particular employees
  o **Threats** – Leaders who use intimidation and fear to control employees

**Leaders – Organizational Senior Leaders**

Although several study participants described effective leadership during the financial crisis, the qualitative results of the study identified a disturbing leadership trend. Numerous working adults, from various industries and geographic regions, used nearly identical descriptions of supervisors who use threats and intimidation during the financial crisis. The finding suggests many leaders do not perform well during crises. Additionally, the majority of supervisors applied a ‘business as usual’ approach, rather than adapting to the dramatic changes in the economy caused by the financial crisis.

Senior leaders should consider the following:

• **Regularly assess the quality and tone of communication during crises** – Particularly during periods of high stress, followers should be provided with confidential, anonymous opportunities to report the use of threats and intimidation.

• **Develop situational leadership skills grounded in green zone behaviors** – Leaders must be prepared to cope with unexpected events as well as variables outside their control. Data from the study of the financial crisis found many leaders were unprepared and/or unwilling to change during an emergent situation. Leader rigidity resulted in poor employee and organizational outcomes. Development of
situational leadership skills could help when dealing with emergent crises, such as pandemic, terrorism, or natural disaster events.

- **Organizational benchmarking in public policy making** – With billions of government dollars distributed to stimulate the economy during the financial crisis, governmental leaders should consider instituting performance accountability requirements. It is ill advised and wasteful to invest stimulus money in red zone organizations that perform poorly and/or threaten employees. Instead, high performing green zone organizations, with a track record of working effectively and efficiently, should be encouraged by policy makers. Objective criteria, such as the SLCI, should be used to provide an evaluation of organizational performance. Recipients of taxpayer dollars could be reevaluated every 6 to 12 months monitor whether they perform effectively during the financial crisis. Such a process would determine whether additional stimulus money is warranted, reducing the risk of throwing good money after bad.

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So what, who cares, and what does it mean?

Why should leaders change in the financial crisis?

**Leaders have a responsibility to their employees.** Since the stock market crash in 2008, a significant number of working adults have lost their jobs and homes; retirement and investment funds have sharply declined. Understandably, people are fearful they may be unable to provide for their families. **Vulnerable to the turbulence of the financial crisis, workers turn to their organizations for leadership and information.** Supervisors who behave as though nothing has changed ignore the emotional and financial needs of their employees.

**Leaders have a responsibility to their organizations.** As organizations struggle to regain competitive advantage during the financial crisis, it is critical for leaders to employ new strategies to maximize worker performance. Lack of adaptation risks loss of business and high employee turnover, as quality workers look for other opportunities where their talent will be more appreciated.

**Leaders have a responsibility to society.** The financial crisis represents an unprecedented time in American history. **High unemployment, reduced investment, and low consumer confidence influence the quality of life for all citizens.** Providing goods and services to meet the needs of society, organizations serve as the economic foundation for the United States. As a result, **organizational leaders have a collective moral obligation** to adapt to emergent, challenging conditions in order to minimize the economic and societal impact of the crisis.

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How should leaders change in the financial crisis?

It is essential for leaders to increase green zone leadership and communication. Under the strain of the financial crisis, employees now hold their leaders to higher standards, expecting them to ‘walk the talk’ for workers. To maximize employee and organizational performance supervisors must increase their transparency, honesty, and visibility. Workers must perceive their supervisors have an open-door policy that encourages candid and frequent discussion of difficult issues. Such conversations should be conducted face-to-face, rather than through email, so employees view senior and mid-level managers as visible and approachable.

Leaders must resist the pressure to micromanage, mislead, or threaten employees during the financial crisis. Such behavior alienates employees and increases reluctance to offer constructive feedback for improvement. Leaders are expected to trust and empower employees to help find solutions to the challenges of the crisis.

What outcomes can leaders expect if they make the suggested changes?

Significantly improved employee performance can be expected from organizations with green zone leadership and communication. The data indicated 60% of worker performance during the financial crisis could be explained by the quality of supervisor communication. Ineffective supervisor scores were significantly associated with low employee performance, while high supervisor ratings significantly correlated with high worker performance. As a result, by improving communication, leaders increase the probability of enhanced employee performance.

Senior leaders can now forecast how specific changes in supervisor scores should correlate with worker behavior. The study’s regression model empowers leaders with the ability to predict how increased green zone behavior, such as transparency, honesty, and visibility, influences employee outcomes, such as morale, innovation, openness, collaboration, cohesiveness, and willingness to change.

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Ruby A. Rouse, Ph.D. has over 17 years experience working as a research consultant and director of marketing for various organizations. Her publications specialize in marketing, research, communication, and healthcare, including articles in the Journal of Nursing Management, Journal of Behavioral Medicine, Journal of Leadership Studies, Health Marketing Quarterly, Health Communication, and Journal of Professional Services Marketing. She is the co-author of the Supervisor Leadership and Communication Inventory (SLCI) used in the study. Dr. Rouse can be contacted at DrRubyRouse@gmail.com

Richard S. Schuttler, Ph.D. is an international public speaker, consultant, educator, and author. He has 20-years of diversified, domestic, and international management/leadership improvement expertise within academic, federal/state governments, and Fortune 1,000 environments developing strategies and implementation methods. He has mentored executives, faculty, and students from around the world in a variety of professional settings. He is the author of the book that provides the theoretical foundation for the study, Laws of Communication: The Intersection Where Leadership Meets Employee Performance. He is the co-author of the Supervisor Leadership and Communication Inventory (SLCI) used in the study. Dr. Schuttler can be contacted at RichPhD@msn.com

Additional information can be found at:
www.NRC-SLCI.com
OrgTroubleshooter.org
www.SLCI.ws


Appendix A

Sample Analysis

In July 2009, the U.S. Department of Labor’s Bureau of Statistics indicated there were 141,055,000 working adults in the United States. A sample size of approximately 1,067 was needed in order to achieve a confidence level of 95% and a confidence interval of ± 3 (Creative Research Systems, 2009). Over a six-week period in the summer of 2009, 1,150 individuals participated in the study of leadership during the financial crisis – exceeding the targeted sample size.

Demographic Comparisons

Demographic comparisons were made between the population of U.S. working adults and the sample to assess the representativeness of the data.

Gender

As indicated illustrated in Figure 3 and detailed in Table 1, the sample contained a higher percentage of women (59%) than number reported by the Bureau of Labor Statistics in July 2009 (47%). Analysis of variance compared the supervisor, employee, and financial crisis perceptions by gender to determine whether there were significant differences. As shown in Tables 2 and 3, there were no significant differences between the responses of men and women.

Figure 3. Gender comparison of U.S. employed population and study’s sample.
Table 1  
*Gender Comparison of U.S. Employed Population and Study’s Sample*

<table>
<thead>
<tr>
<th></th>
<th>Sample</th>
<th>U.S. Population*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gender</td>
<td>n</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>432</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>629</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,061</td>
</tr>
</tbody>
</table>


Table 2  
*Descriptive Statistics of Perceptions of the Financial Crisis, Supervisors, and Employees by Participant’s Gender*

<table>
<thead>
<tr>
<th>Descriptives based on Gender</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptions of the financial crisis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>415</td>
<td>43.58</td>
<td>13.35</td>
</tr>
<tr>
<td>Female</td>
<td>608</td>
<td>44.13</td>
<td>13.30</td>
</tr>
<tr>
<td>Total</td>
<td>1023</td>
<td>43.91</td>
<td>13.32</td>
</tr>
<tr>
<td>Supervisor score</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>409</td>
<td>3.26</td>
<td>0.82</td>
</tr>
<tr>
<td>Female</td>
<td>598</td>
<td>3.24</td>
<td>0.82</td>
</tr>
<tr>
<td>Total</td>
<td>1007</td>
<td>3.25</td>
<td>0.82</td>
</tr>
<tr>
<td>Employee score</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>409</td>
<td>3.35</td>
<td>0.67</td>
</tr>
<tr>
<td>Female</td>
<td>598</td>
<td>3.33</td>
<td>0.67</td>
</tr>
<tr>
<td>Total</td>
<td>1007</td>
<td>3.34</td>
<td>0.67</td>
</tr>
</tbody>
</table>

Table 3  
*Analysis of Variance of Perceptions of the Financial Crisis, Supervisors, and Employees by Participant’s Gender*

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>SS</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>76.16</td>
<td>1</td>
<td>76.16</td>
<td>0.43</td>
<td>.51</td>
</tr>
<tr>
<td>Within Groups</td>
<td>181,138.83</td>
<td>1021</td>
<td>177.41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>181,214.99</td>
<td>1022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>0.05</td>
<td>1</td>
<td>0.05</td>
<td>0.08</td>
<td>.78</td>
</tr>
<tr>
<td>Within Groups</td>
<td>676.02</td>
<td>1005</td>
<td>0.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>676.07</td>
<td>1006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>0.19</td>
<td>1</td>
<td>0.19</td>
<td>0.42</td>
<td>.52</td>
</tr>
<tr>
<td>Within Groups</td>
<td>453.19</td>
<td>1005</td>
<td>0.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>453.38</td>
<td>1006</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Marital Status**

A similar comparison was made with marital status. As shown in Figure 4 and detailed in Table 4, individuals who were married represented the largest group in both the U.S. population of working adults (60%) and the sample (63%). There were more divorced working adults in the sample (15%) than the U.S. population of workers (9%); while there were less single individuals participating in the study (18%) than the population as a whole (29%). Again, ANOVA compared supervisor, employee, and financial crisis perceptions by marital status; no significant differences were found (see Tables 5 and 6).

![Marital Status Comparison](image.png)

**Figure 4.** Marital status comparison of U.S. employed population and study's sample.

**Table 4**

*Marital Status Comparison of U.S. Employed Population and Study's Sample*

<table>
<thead>
<tr>
<th>Sample</th>
<th>U.S. Population*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marital Status</td>
<td>Percentage</td>
</tr>
<tr>
<td>Single</td>
<td>18%</td>
</tr>
<tr>
<td>Married</td>
<td>63%</td>
</tr>
<tr>
<td>Widowed</td>
<td>2%</td>
</tr>
<tr>
<td>Divorced</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Pearson (2007); slight rounding error*

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Table 5
Descriptive Statistics of Perceptions of the Financial Crisis, Supervisors, and Employees by Participant’s Marital Status

<table>
<thead>
<tr>
<th>Descriptives based on Marital Status</th>
<th>N</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceptions of the financial crisis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>179</td>
<td>42.83</td>
<td>13.34</td>
</tr>
<tr>
<td>Married</td>
<td>644</td>
<td>43.83</td>
<td>13.44</td>
</tr>
<tr>
<td>Widowed</td>
<td>156</td>
<td>45.25</td>
<td>12.74</td>
</tr>
<tr>
<td>Divorced</td>
<td>19</td>
<td>44.42</td>
<td>12.95</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>44.72</td>
<td>14.04</td>
</tr>
<tr>
<td>Total</td>
<td>1023</td>
<td>43.91</td>
<td>13.32</td>
</tr>
<tr>
<td>Supervisor score</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>176</td>
<td>3.33</td>
<td>0.78</td>
</tr>
<tr>
<td>Married</td>
<td>634</td>
<td>3.27</td>
<td>0.81</td>
</tr>
<tr>
<td>Widowed</td>
<td>154</td>
<td>3.12</td>
<td>0.87</td>
</tr>
<tr>
<td>Divorced</td>
<td>19</td>
<td>3.09</td>
<td>0.80</td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
<td>3.02</td>
<td>0.90</td>
</tr>
<tr>
<td>Total</td>
<td>1007</td>
<td>3.25</td>
<td>0.82</td>
</tr>
<tr>
<td>Employee score</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>176</td>
<td>3.43</td>
<td>0.63</td>
</tr>
<tr>
<td>Married</td>
<td>634</td>
<td>3.34</td>
<td>0.66</td>
</tr>
<tr>
<td>Widowed</td>
<td>154</td>
<td>3.28</td>
<td>0.72</td>
</tr>
<tr>
<td>Divorced</td>
<td>19</td>
<td>3.15</td>
<td>0.64</td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
<td>3.17</td>
<td>0.90</td>
</tr>
<tr>
<td>Total</td>
<td>1007</td>
<td>3.34</td>
<td>0.67</td>
</tr>
</tbody>
</table>

Table 6
Analysis of Variance of Perceptions of the Financial Crisis, Supervisors, and Employees by Participant’s Marital Status

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>515.22</td>
<td>4</td>
<td>128.80</td>
<td>0.73</td>
<td>.57</td>
</tr>
<tr>
<td>Within Groups</td>
<td>180,699.77</td>
<td>1018</td>
<td>177.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>181,214.99</td>
<td>1022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>5.78</td>
<td>4</td>
<td>1.44</td>
<td>2.16</td>
<td>.07</td>
</tr>
<tr>
<td>Within Groups</td>
<td>670.29</td>
<td>1002</td>
<td>0.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>676.07</td>
<td>1006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>3.39</td>
<td>4</td>
<td>0.85</td>
<td>1.89</td>
<td>.11</td>
</tr>
<tr>
<td>Within Groups</td>
<td>449.99</td>
<td>1002</td>
<td>0.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>453.38</td>
<td>1006</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Age

Finally, a comparison was made by participant age. Although there were some differences across age categories, both the U.S. employed population in 2009 and the study's sample were normally distributed (see Figure 5 and Table 7). Additionally, there was no significant correlation between age and any of the study's main constructs (see Table 8). This finding suggests variance in age did not significantly influence the main results of the study.

Figure 5. Age comparison of U.S. employed population and study's sample.

Table 7
Age Comparison of U.S. Employed Population and Study's Sample

<table>
<thead>
<tr>
<th>Age Categories</th>
<th>n</th>
<th>Sample Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 20</td>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>21 - 30</td>
<td>85</td>
<td>8%</td>
</tr>
<tr>
<td>31 - 40</td>
<td>262</td>
<td>25%</td>
</tr>
<tr>
<td>41 - 50</td>
<td>328</td>
<td>31%</td>
</tr>
<tr>
<td>51 - 60</td>
<td>283</td>
<td>27%</td>
</tr>
<tr>
<td>61 - 70</td>
<td>94</td>
<td>9%</td>
</tr>
<tr>
<td>Over 70</td>
<td>4</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>1059</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age Categories</th>
<th>Total Employed (thousands)</th>
<th>Subtotal</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 to 17</td>
<td>2136</td>
<td>5962</td>
<td>4%</td>
</tr>
<tr>
<td>18 to 19</td>
<td>3826</td>
<td>28739</td>
<td>20%</td>
</tr>
<tr>
<td>20 to 24</td>
<td>13342</td>
<td>30216</td>
<td>21%</td>
</tr>
<tr>
<td>25 to 29</td>
<td>15397</td>
<td>28739</td>
<td>20%</td>
</tr>
<tr>
<td>30 to 34</td>
<td>14730</td>
<td>28739</td>
<td>20%</td>
</tr>
<tr>
<td>35 to 39</td>
<td>15486</td>
<td>30216</td>
<td>21%</td>
</tr>
<tr>
<td>40 to 44</td>
<td>15935</td>
<td>28739</td>
<td>20%</td>
</tr>
<tr>
<td>45 to 49</td>
<td>17219</td>
<td>33154</td>
<td>24%</td>
</tr>
<tr>
<td>50 to 54</td>
<td>16105</td>
<td>28905</td>
<td>20%</td>
</tr>
<tr>
<td>55 to 59</td>
<td>12800</td>
<td>28905</td>
<td>20%</td>
</tr>
<tr>
<td>60 to 64</td>
<td>8103</td>
<td>11438</td>
<td>8%</td>
</tr>
<tr>
<td>65 to 69</td>
<td>3335</td>
<td>11438</td>
<td>8%</td>
</tr>
<tr>
<td>70 to 74</td>
<td>1520</td>
<td>2641</td>
<td>2%</td>
</tr>
<tr>
<td>75 or more</td>
<td>1121</td>
<td>2641</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>141055</td>
<td>141055</td>
<td>100%</td>
</tr>
</tbody>
</table>

* United States Department of Labor (2009b)

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Table 8

Correlation of Age with Perceptions of the Financial Crisis, Supervisor, and Employee Scores

<table>
<thead>
<tr>
<th>Correlation with Age</th>
<th>n</th>
<th>r</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of the Financial Crisis</td>
<td>1021</td>
<td>.01</td>
<td>.73</td>
</tr>
<tr>
<td>Supervisor Score</td>
<td>1005</td>
<td>.05</td>
<td>.13</td>
</tr>
<tr>
<td>Employee Score</td>
<td>1005</td>
<td>-.04</td>
<td>.26</td>
</tr>
</tbody>
</table>
Demographics

Over a six-week period, 1,150 working adults participated in the study of leadership during the financial crisis. Women comprised 59% of the sample; men represented 41% (see Figure 6). The average self-reported age, which ranged from 18 to 78, was 46 ($SD = 10.79$). As shown in Figure 7, age was normally distributed, with a skew of -0.02. Most individuals (63%) reported being married (see Figure 8), others indicated they were single (18%) or divorced (15%). Reported income ranged from less than $25,000 to over $200,000, with a median of $75,000 and $100,000 (see Figure 9).

Figure 6. Frequency of participation by gender.

Figure 7. Frequency of participation by age.
Figure 8. Frequency of participation by marital status.

Figure 9. Frequency of participation by income.

Individuals represented a variety of organizational roles. As shown in Figure 10, employees comprised approximately 41% of the sample, while 32% represented middle managers and 27% were senior leaders. Most individuals (39%) said they worked for their current organization for 1 to 5 years, with about 19% at their job for 6 to 10 years (see Figure 11).
Figure 10. Frequency of participation by organizational role.

Figure 11. Participants’ number of years working with their current organization.

As shown in Figure 12, participants in the sample represented several industries, including education (35%), business (31%), healthcare (14%), and government (13%). Individuals from organizations of diverse sizes participated. Most individuals (31%) reported working for small to medium size organizations, with 20 to 499 employees (see Figure 13).
Figure 12. Frequency of participation by industry.

Figure 13. Frequency of participation by the number of employees in the organization.
Dimensions of the Financial Crisis

Participants indicated their level of agreement with a series of 14 statements describing their perceptions of the financial crisis. Since the study used a new measurement instrument, it was tested for reliability and validity. A panel of four subject matter experts evaluated the content of the items describing perceptions of the financial crisis. All the items received sufficiently high content validation ratios of 1.00, in alignment with Mcintire and Miller’s (2007) benchmark of .99. Statistical analysis determined the 14-item scale had high reliability, with an alpha of .90.

A factor analysis investigated whether perceptions of the financial crisis might be multi-dimensional. As reviewed in Appendix C, the factor analysis detected four dimensions of the financial crisis:

- **Performance** – Concerns about employee performance and morale
- **Cash flow** – Concerns about difficulties pay bills, making payroll, and securing loans
- **Employees** – Concerns about layoffs, downsizing, pay, and benefits
- **Market** – Concerns about sales, demand, and profitability

**Concern about Performance**
The first factor gauged individuals’ general perceptions of organizational performance during the financial crisis. As shown in Figure 14, 43% of study participants agreed the crisis negatively influenced employee performance; 15% were uncertain. Fifty-nine percent of working adults in the sample did not feel the crisis lowered employee morale.

![Figure 14. Level of agreement with “The financial crisis has negatively influenced the performance of employees at my organization.”](image-url)
Concern about Cash Flow
The second factor measured concerns about cash flow during the crisis. As shown in Figure 15, 70% of working adults agreed their organizations experienced difficulty making payroll (70%). According to participants, 58% of organizations also had trouble paying bills. Obtaining financing presented another cash flow issue, with 37% of working adults agreeing their organizations experienced difficulty securing loans during the financial crisis.

Figure 15. Level of agreement with “My organization has experienced difficulty making payroll during the financial crisis.”

Concern for Employees
The third dimension of the financial crisis describes issues that directly affect employees. As shown in Figure 16, about half the individuals in the study (52%) did not express concern about their future with the organization, pay (55%), or retirement/investment benefits (67%). Most of working adults said their organizations have not downsized (51%) or laid off employees (47%); and most participants (49%) did not express concern about keeping their jobs.

Figure 16. Level of agreement with “The financial crisis has me concerned about my future with my current organization.”

Concern about the Market
The final factor evaluated market-related issues. About half of participants (47%) observing consumer reluctance to buy during the crisis (see Figure 17); while 43% agreed that sales were down. Nevertheless, 55% of the working adults in the sample indicated their organization’s profitability was not hurt by the financial crisis.

Figure 17. Level of agreement with “Consumers have been reluctant to buy from my organization during the financial crisis.”
Gap Analysis of the Financial Crisis

The red line in Figure 18 shows the average score for all participants’ concern about performance-related financial crisis issues. Employees, middle managers, and senior leaders shared similar perceptions about worker performance and morale ($F_{(2,1021)} = 0.28, p = .76$).

![Figure 18. Comparison of concerns about performance by organizational role.](image)

However, a comparison of employee, middle manager, and senior leader concerns revealed several significant differences in other dimensions of the financial crisis. Analysis of variance found significant ($F_{(2,1021)} = 11.83, p = .00$) differences in participants’ cash flow concerns based on their organizational role (see Figure 19). Middle managers were significantly less concerned about cash flow topics, such as paying bills and making payroll, than both employees ($mean\ difference = -0.75, SE = 0.22, p = .00$) and senior leaders ($mean\ difference = -1.14, SE = 0.24, p = .00$).

![Figure 19. Comparison of concerns about cash flow issues by organizational role.](image)
Overall analysis of variance did not detect significant differences ($F_{(1,1017)} = 2.32, p = .10$) in employee concerns based on participants’ organizational role. However, post hoc analysis found a statistically significant difference between employee and senior leader perceptions (see Figure 20). **Senior leaders expressed significantly less concern about employee-related issues, such as layoffs and downsizing, than frontline workers** ($mean\ difference = -1.09, SE = 0.51, p = .03$).

Figure 20. Comparison of concerns about employee issues by organizational role.

Analysis of variance found significant ($F_{(2,1021)} = 4.78, p = .01$) differences in participants’ market-related concerns based on their organizational role (see Figure 21). **Senior leaders were significantly more concerned about market-centered topics, such as declining sales and consumer demand, than both middle managers** ($mean\ difference = 0.63, SE = 0.26, p = .01$) as well as employees ($mean\ difference = 0.72, SE = 0.25, p = .00$).

Figure 21. Comparison of concerns about market issues by organizational role.

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Supervisor Leadership & Communication

A majority of working adults in the sample (64%) perceived supervisor leadership and communication was less than optimal, with 51% describing yellow zone performance and 13% reporting red zone behaviors (see Figure 22). About 36% said their supervisors as displayed green behaviors. On a 5-point scale, the average supervisor score was 3.25 ($SD = 0.82, skew = -0.27$), indicating moderate performance.

Employee Performance

Perceptions of employee performance were similar. Two out of three working adults (66%) reported less than optimal leadership and communication; 60% rated employee performance in the yellow zone while 6% were characterized with descriptions of red behavior (see Figure 23). Approximately 34% reported green employee performance. The average supervisor score, on a 5-point scale, was 3.34 ($SD = 0.67, skew = -0.25$), indicating mediocre performance.

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Research Question 1

The first research question investigated what differences, if any existed between supervisors from various U.S. industries during the 2008-2009 financial crisis. Figure 24 illustrates the leadership communication scores for supervisors representing the six largest industries in the sample. The dotted lines in the figure indicate the boundaries of Schuttler’s red, yellow, and green performance zones.

What leadership and communication differences, if any, exist between supervisors from various U.S. industries during the 2008-2009 financial crisis?

The chart shows all industries averaged scores in the yellow zone (between 2.30 and 3.70), reflecting moderate performance. As detailed in Appendix D, business (mean = 3.37, SD = 0.79) and healthcare (mean = 3.37, SD = 0.76) leaders had the best ratings. Government (mean = 3.03, SD = 0.80) and non-profit (mean = 2.95, SD = 0.90) supervisors received the lowest leadership and communication scores.

![Figure 24. Supervisor leadership and communication by industry.](image-url)

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Statistical analysis found several significant ($F_{(6,1000)} = 4.76, p \leq .00$) differences in supervisor leadership and communication based on industry. Post hoc analysis of variance (see Appendix E) comparing specific industries indicated the government supervisors scored significantly lower than healthcare ($mean\ difference = -0.33, p \leq .00$), business ($mean\ difference = -0.33, p \leq .00$), and education ($mean\ difference = -0.18, p \leq .03$) leaders. Non-profit leaders also had significantly lower supervisor scores than healthcare ($mean\ difference = -0.42, p \leq .02$) and business ($mean\ difference = -0.42, p \leq .02$) leaders. Significant differences were also detected between education and business supervisors ($mean\ difference = -0.15, p \leq .01$).

**Research Question 2**

The second research question examined the relationship between perceptions of the 2008-2009 financial crisis and supervisor leadership/communication.

In order to evaluate working adults’ thoughts about the crisis, scores for the 14 financial crisis questions (which ranged from 1 to 5) were totaled for an overall score, ranging from 14 to 70. There was a statistically significant negative correlation ($r_{(1,1007)} = -0.26, p = .00$) between participants’ general perceptions about the crisis and evaluations of supervisors’ leadership and communication. When working adults expressed more concern about the financial crisis, supervisor scores tended to be lower. Similarly, when participants were less concerned about the crisis, leaders received higher scores.

Correlations between the four financial crisis factors and supervisor leadership communication were also statistically significant. High concerns about employee layoffs, downsizing and pay were significantly associated with lower supervisor scores ($r_{(1,1007)} = -0.26, p \leq .01$). Similar lower ratings were significantly correlated with high concern about cash flow issues ($r_{(1,1007)} = -0.21, p \leq .01$), performance ($r_{(1,1007)} = -0.30, p \leq .01$), as well as market-related consumer demand problems ($r_{(1,1007)} = -0.15, p \leq .01$).

Multiple regression tested the combined influence of employee, organization, and market concerns about the financial crisis on supervisor leadership communication. As shown in Appendix F, observations about employee and market issues significantly influenced supervisor’s scores. While the combined effect of the independent variables was statistically significant ($MR = .33, p = .00$), only about 11% of the variance in supervisor scores could be predicted by perceptions of the financial crisis (Adjusted $R^2 = .11$).
Research Question 3

The last research question investigated the relationship between supervisor leadership communication and employee performance during the financial crisis.

There was a highly significant correlation ($r_{(1,1005)} = .77$, $p \leq .00$) between supervisor leadership communication and employee performance (see Figure 25). Supervisors perceived as effective leaders and communicators were associated with high performing employees. Likewise, low leadership and communication significantly correlated with low employee performance. Supervisors scores explained approximately 60% of the variance in perceived employee performance (Adjusted $R^2 = .60$, $p \leq .00$).

The strong correlation between the two variables provides senior leaders with opportunities to predict how changes in supervisor leadership and communication may affect employee performance. Using the red regression line in Figure 25, leaders can forecast how various supervisor changes influenced employees. For instance, when a supervisor received a performance score of 2.00, employees were forecasted to receive a score of approximately 2.54 (see the table in Figure 25).

![Scatter plot and regression line of the relationship between perceptions of supervisor leadership communication and employee performance.](image)
Quantitative Analysis

- Zone Analysis

Using SLCI benchmarks (Rouse, 2008b; Schuttler, 2010), the scatter plot was divided into red, yellow, and green performance zones (see Figure 26).

*Figure 26.* Scatter plot divided into red, yellow, and green performance zones.

The majority of working adults (57%) reported less than optimal performance in the red (4%) and yellow (53%) zones; 43% observed green zone performance (see Figure 27).

*Figure 27.* Percentage of organizations functioning in red, yellow, and green performance zones.

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**Gap Analysis**

The scores of employees, middle managers, and senior leaders were compared to determine whether organizational role influenced perceptions of supervisor, employee, and organizational performance. As shown in Figure 28 and detailed in Appendix G perceptions of supervisor leadership communication ($F_{(2,1004)} = 18.76, p \leq .00$), employee behavior ($F_{(2,1004)} = 13.61, p \leq .00$), organizational performance ($F_{(2,1004)} = 19.34, p \leq .00$), and overall composite ratings ($F_{(2,1004)} = 19.33, p \leq .00$) varied significantly by role. Employees (the blue line in Figure 28) reported the lowest scores, while senior leaders (the gray line) perceived significantly higher scores – reflecting disconnected perceptions in the organization’s performance during the financial crisis.

![Graph showing comparison of supervisor, employee, outcome, and composite scores based on organizational role.](image-url)

**Figure 28.** Comparison of supervisor, employee, outcome, and composite scores based on organizational role.
Qualitative Analysis

In addition to the quantitative elements of the study, four open-ended questions provided participants with the opportunity to share perceptions of the financial crisis in their own words.

- **Are supervisors communicating differently during the crisis?** If so, how?
- **How, if at all, has the 2008-2009 financial crisis influenced the performance of your organization and its employees?**
- **How effectively, if at all, are the supervisors at your organization communicating with employees about the implications of the 2008-2009 financial crisis?**
- **What suggestions, if any, would you give leaders about how to communicate with employees during the financial crisis of 2008-2009?**

### Are supervisors communicating differently during the crisis?

Despite significant economic changes during the financial crisis, **64% of participants reported supervisors have not changed the way they communicate with their employees** (see Figure 29); 82% of working adults expressed frustration with supervisors’ lack of adaptation.

Several themes emerged from individuals’ comments about supervisor changes. As indicated in Figure 30, study participants frequently discussed the quality and quantity of communication received from supervisors during the financial crisis. Individuals also described changes in emotions, budgets, organizational performance, job stability, and leadership.

*Figure 29. Percentage of participants reporting changes in supervisor communication during the financial crisis.*

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Figure 30. Themes about supervisor communication changes during the financial crisis.

Many participants described sentiments similar to an individual who wrote, “My company has always been open and forthcoming in keeping employees aware of what is going on regardless of the current financial crisis.” In contrast, several others expressed frustration with supervisors’ lack of adaptation.

- “The communication is basically the same. The boss does whatever he wants without any input from anyone other than himself. The employees do what they’re told.”
- “Communication between supervisors and employees is non-existent. I am ashamed to be part of management at this organization as employees are kept in the dark on purpose.”
- “Supervisors have not communicated differently during the financial crisis - leading one to believe that they are clueless or simply wish to put their heads in the sand - acting as if external factors do not impact our organization.”
How, if at all, has the 2008-2009 financial crisis influenced the performance of your organization and its employees?

The second open-ended question asked what influence, if any, the 2008-2009 financial crisis had on organizational and employee performance. As indicated in Figure 31, 58% of comments responding to the question described negative influences; 21% reported the crisis did not influence performance while 13% reported positive influences.

**Positive Effects**

Several individuals described favorable consequences of the economic situation.

- “The crisis has opened our eyes and changed our outlook on our environment.”
- “[The financial crisis] made us tougher and wiser. We understand the need to be efficient and cost-effective.”
- “Everyone seems to be stepping up with extra effort.”

**Varied Effects**

Other study participants indicated people react differently to the changes in the economy.

- “The effect [on organizational and employee performance] has varied depending on the individual. Some have responded well and appropriately, adjusting to the needed changes. Others seem oblivious to the fact that the economy is in the toilet.”

**Negative Effects**

As shown in Figure 31, the vast majority (58%) of responses to the question about organizational and employee performance described adverse consequences resulting from the financial crisis.
Several individuals described steep reductions in organizational performance:

- “Sales are down more than 50%.”
- “There has been a significant reduction in new work (approximately 20 to 30%).”

Many participants described negative consequences from organizational layoffs and downsizing:

- “Layoffs require more work from less people.”
- “Employees are working harder for less money and little or no praise from senior management. Morale is taking a hit”
- “People want to perform, but employees are not being rewarded for good performance. Salary and benefit cuts have been enacted across the board. Bonuses have been suspended, and raises cancelled. Employees now see no reason to perform well or extend themselves beyond the minimum requirements.”
- “There is an increased level of mistrust and performance has deteriorated.”
- “The crisis has made everyone look over their shoulders and edgy.”
- “Morale continues to plummet along with performance.”
- “Everyone is running scared.”

How effectively, if at all, are the supervisors at your organization communicating with employees about the implications of the 2008-2009 financial crisis?

Working adults also shared thoughts about the effectiveness of supervisor communication during the crisis. Evaluations were mixed. About 41% of the comments characterized communication as poor; while other individuals described effective (25%) or very effective (19%) communication from their leaders (see Figure 32).

Given the unexpected and intense nature of the crisis, many leaders admitted not knowing what to tell workers. “The problem is so vast and complex no one can wrap their arms around it. For the first 12 months of the crisis, most people believed it would blow over and everything would return to normal,” one supervisor wrote. “However, several months into the crisis we are all scratching our heads wondering what just

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happened.”

**No-win Situation**

Several study participants observed the financial crisis put managers in a no-win situation. If supervisors withhold information, employees become suspicious or feel mislead; while sharing concerns risks alarming employees and investors. “Communicate often,” one senior leader observed, “and a dark cloud seems to bring down employee morale at the same time.”

Additionally, middle managers, who are accountable to senior leaders, “may not disclose information to the employees because they are not at liberty to.” Even if supervisors communicate, workers often ignore the information. One senior leader explained, “Despite efforts to communicate with employees, the staff still do not realize we are in an economic crisis. They see it affecting everyone else but not our organization.” Another supervisor agreed, “Employees are not understanding the severity of the situation and think that nothing bad will happen to their jobs.”

**Effective Communication**

Despite these challenges, many individuals applauded the efforts of their supervisors’ communication during the financial crisis. The vast majority of comments aligned with Schuttler’s (2010) description of green zone supervisor behaviors.

- “The supervisors have been open in sharing the financials of the company and talking about challenges. They have enlisted the employees as partners in facing the realities and looking for solutions.”
- “They share real numbers and share the real outcome of the employees’ efforts. They adapt to change and lead by example, taking pay cuts to help provide for the staff better.”
- “Staff meetings are helping out a great deal. That way there are not rumors and we all have the same information.”
- “The communication has been very effective, aimed at encouraging employees to have faith in the organization.”
- “They have been wonderful. Open meetings with upper management. All cards on the table.”

**Ineffective Communication**

In contrast, many working adults used red zone (Schuttler, 2010) descriptions to characterize the quality of supervisor communication during the financial crisis as poor.

- “[Supervisors] act like we are children, and do not have the right to know. They are secretive. We have to read it in the paper, and even then, it [communication] is not clear nor timely.”
• “[Supervisors] have been told not to discuss any implications [about the financial crisis] with the employees. This has lead to a higher turnover rate and rampant rumors within the organization and industry.”
• “Supervisors have been hiding in their offices, not communicating well with employees. This is partially due to the fact that there are no answers, so they do not want to be asked the questions.”
• “Because supervisors are uncertain, they choose not to say anything at all to employees. The lack of communication makes employees more uncertain.”
• “My firm went through 5 rounds of layoffs before our parent company filed for bankruptcy. The whole time the communication with employees was that everything was fine and the firm was doing great.”
• “Few [employees] believe what we are being told [by supervisors]. Trust has all but disappeared.”
• “Supervisor generally do not discuss the financial status of the company and rely heavily on company generated propaganda.”

**Threatening Communication**

An alarming theme in all the open-ended questions centered on repeated descriptions of threatening communication. Several employees described leaders who foster a “culture of fear” during the financial crisis.

• “They [senior leaders] are great: Discuss the layoffs and you are fired. Yep. I work in public relations and that was the official directive. Great communications plan.”

• “They [supervisors] threaten employee jobs.”
• “We were told if we discussed layoffs or downsizing, we would be fired – Immediately.”
• “Questions get you written up and/or fired.”
• “Employees understand they are ‘on the chopping block.’”

Numerous people described threatening supervisor messages designed to intimidate and frighten workers.

• “It has been made clear on numerous occasions that there are many qualified people on the street who would love my job.”
• “Supervisors make the employees feel they are lucky to have a job and they can be replaced.”
• “Supervisors have used different ways to motivate employees … [They say] ‘you never know who will be gone tomorrow.’”
• “The current message to employees is to quit complaining and be thankful to have a job.”
• “[Supervisor] communication seems more like a threat... If you don't perform, there is no work 'out there.'”
• “Managers tell employees who complain to 'suck it up.'”

Many individuals indicated the quality and tone of their work environment has become increasingly hostile.

• “Supervisors have become dictators.”
• “Abusive language and short tempers are becoming behavioral patterns among supervisors.”
• “Management is hostile and non-supportive.”
• “[Supervisors think] everyone is too afraid of the ‘crisis’ to consider leaving. So they continue to treat us worse and worse and worse.”
• “The financial crisis has allowed management to treat part-time employees as lower class citizens because they need the company more than the company needs them.”

What suggestions, if any, would you give leaders about how to communicate with employees during the financial crisis of 2008-2009?

Communication Suggestions

The last open-ended question asked working adults to share suggestions for improving supervisor communication during the financial crisis. Over half the responses to the question (55%) recommended increased transparency (see Figure 33). Working adults consistently expressed the desire for supervisors who are open and willing to share information about the crisis. One participant warned, “failing to lay out the details up front will result in a lack of trust and undercutting activities by employees as the rumor mill runs amuck.” Others urged, “Don’t keep us in the dark!” and “share the information before employees hear it from the media.”

Honesty was the second most common suggestion (33%). Individuals stressed the importance of objective, truthful information. “Lay it on the table. Tell your employees the true condition so they can help bring you out of the mess.” Study participants encouraged leaders not to “sugar coat,” “spin,” or lie. Other comments described the importance of listening (8%) and timely distribution of information (8%).
Emotional Intelligence Suggestions

Several psychological themes also emerged in the comments about the effectiveness of supervisor communication. The vast majority of remarks (81%) centered on recognition and adaptation to various emotional states (see Figure 34). Working adults suggested supervisors “alleviate fear and doubt,” “be compassionate,” and “show empathy.” Other comments (19%) recommended leaders maintain a positive tone. One participant wrote, “Give employees a sense of hope along with the reality of change going on around us.” Others recommended, “Create a sense of calm,” “be truthful but not scary,” and “encourage them to ‘weather the storm.’”

Miscellaneous Suggestions

Working adults in the study provided a variety of specific recommendations for improving supervisor communication during the financial crisis. The most prevalent theme described strategic planning (see Figure 35). Remarks included comments such as:

- “Communicate the business strategy being used to work through the crisis.”
- “Find ways to boost the morale of the employees.”
- “Become and remain debt free; have an emergency fund equal to at least six months of expenses.”
- “Stop wasting money!”
- “Advocate with upper management for more incentives.”

Other recommendations centered on promoting workforce collaboration.

- “Treat employees as human beings and provide the opportunity to work together rather than creating a tug-of-war.”
- “Seek ideas from employees about how to save the organization from the financial crisis.”
- “Allow employees to contribute to the discussion rather than having ‘pronouncements from on high.’”
- “Allow employees to communicate ideas about how and what to cut in the budget.”
Participants also expressed a desire for more leadership **consistency**. “Don’t show favoritism,” one working adult wrote. “Share information in a meeting with the whole group rather individually,” another person suggested. “Repeat the messages often, in different forums, and different formats. Employees need to hear the same message repeatedly.”

Workers also expressed a desire for **visible leaders**, individuals who are available for face-to-face interaction. Participants disliked supervisors who tended to “hide in their offices,” “didn’t show up to meetings,” or communicated primarily through email.

**Leading by example** was also important. One worker wrote, “Treat the employees as you would like to be treated. Give them the information you would want if you were in their stead.” Another urged, “Don’t tell employees there will be no raises this year and then take a $10 million bonus check.” Participants in the study expected leaders to ‘walk the talk’ and ‘practice what they preach’.

**Acquiring a solid knowledge base** was also important. Study participants wrote, “Become educated on primary and secondary effects of the current situation on the organization,” “become knowledgeable about the financial crisis,” and, if needed, “bring in financial advisers for solid information about how to cope with debt and job loss.”

Finally, some working adults urged supervisors to accept **responsibility** and stop blaming external circumstances. “Do not finger point at employees,” one participant said. Another suggested, “Face issues directly and stop using the economic environment as an excuse for poor performance.”

![Frequency chart](image)

**Figure 35.** Themes for improving supervisor communication during the financial crisis.

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### Rotated Factor Component Matrixa

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## Total Variance Explained

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4 factors extracted in 6 iterations based on:
- A minimum of at least 2 items per factor
- Content
- Internal consistency
- Parallelism
### Descriptive Statistics for Supervisor Leadership & Communication by Industry

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# Appendix E

## Post Hoc Comparison of Supervisor Leadership & Communication Scores by Industry

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_blue_ = Significant at the .05 level  
_red_ = Significant at the .01 level

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Influence of Financial Crisis Perceptions on Supervisor Leadership Communication

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### Appendix G

Analysis of Variance in Supervisor Leadership Communication, Employee Performance, Organizational Outcomes, and Composite Scores by Role

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