

IDEA

Laughing All the Way to the Bank

Witty executives get bigger bonuses and better performance ratings.

by Fabio Sala



Who hasn't sat with a frozen smile while the boss tried to be funny? At best, a boss's inept delivery is harmless. At worst, it can undermine his leadership. If his humor is seen as sarcastic or mean-spirited, it will certainly alienate the staff. But what about humor that's handled well? More than four decades of study by various researchers confirms some common-sense wisdom: Humor, used skillfully, greases the management wheels. It reduces hostility, deflects criticism, relieves tension, improves morale, and helps communicate difficult messages.

All this suggests that genuinely funny executives perform better. But, to date, no one has connected the dots. I set out to see if I could link objective measures of executive humor with objective performance metrics. My first study involved 20 male executives from a large food and beverage corporation; half had been characterized by senior executives as "outstanding" performers and half as "average." All the executives took part in a two-to three-hour interview that probed for qualities associated with high job performance. Two raters then independently evaluated the interviews, counting the number of "humor utterances" and coding the humor as negative, positive, or neutral. Humor was coded as negative if it was used to put down a peer, subordinate, or boss; positive if used to politely disagree or criticize; and neutral if used simply to point out funny or absurd things.

The executives who had been ranked as outstanding used humor more than twice as often

as average executives, a mean of 17.8 times per hour compared with 7.5 times per hour. Most of the outstanding executives' humor was positive or neutral, but they also used more negative humor than their average counterparts. When I looked at the executives' compensation for the year, I found that the size of their bonuses correlated positively with their use of humor during the interviews. In other words, the funnier the executives were, the bigger the bonuses.

Another study I conducted involved 20 men and 20 women who were being hired as executives by the same corporation. As in the first study, I measured how they used humor during two- to three-hour interviews. This time, the interviews were conducted during the hiring process, and performance was measured a year later. Executives who were subsequently judged outstanding used humor of all types more often than average executives. And, as in the first study, bonuses were positively correlated with the use of humor—in this case, humor expressed a year in advance of the bonuses.

Humorous Intelligence

How could simply being "funny" translate into such an objective measure of success? The answer is that it's not a simple correlation, a matter of direct cause and effect. Rather, a natural facility with humor is intertwined with, and appears to be a marker for, a much broader managerial trait: high emotional intelligence.

In 1998, research by the Hay Group and Daniel Goleman found that superior leaders share a set of emotional-intelligence characteristics, chief among them high self-awareness and an exceptional ability to empathize. These qualities are critical to managers' effective use of humor. They can make the difference between the pitch-perfect zinger and the barb that just stings.

Consider this hypothetical example: A new product from an ace software-development team is aggressively fast-tracked and brought to market by a confident manager, but the software is found to contain a bug. Embarrassing reports about the gaffe are showing up in the



national news, and the team is feeling exposed, defensive, and perhaps a little defiant. The team members gather in a conference room, and in walks the boss's boss. A low-EI leader, unaware of the team's complicated mood and unable to fully appreciate his own discomfort, might snap: "Which one of you clowns forgot the Raid?"—a jokey, disparaging reference to the team's failure to debug the software. That kind of comment is likely to do more harm than good. But imagine the same team, the same mistake, and a more emotionally intelligent boss who grasps not only the team's fragile mood but also his own complicity in the mistake. Sizing up the room, he might quip, "OK, if the media's so smart, let's see *them* debug the product!" The remark defuses tension and shows that the boss understands the team's formidable challenge.

In my studies, outstanding executives used all types of humor more than average executives did, though they favored positive or neutral humor. But the point is not that more humor is always good or that positive humor is always better than negative, disparaging humor. In business, as in life, the key to the effective use of humor is how it's deployed. Don't try to be funny. But do pay closer attention to how you use humor, how others respond to your humor, and the messages you send. It's all in the telling.

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The Put-Down: A Guy Thing

Female executives in this research consistently used more humor than their male counterparts, but men used more put-down humor. Women were more likely than men to use complimentary humor or humor that otherwise expressed caring, warmth, and support; they used significantly less humor that put down subordinates and marginally less that put down superiors. Researchers have shown that in interpersonal relations, men tend to assert rather than downplay status differences, while women do the opposite. Although people of both sexes use humor largely to build bridges, some organizational psychologists believe that for men, put-down humor may also be a way to establish and maintain hierarchical status.

