

Something for the weekend

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A crystal ball that revealed to investors how their stocks and shares were going to perform in the market would be a welcome gift for many. Now researchers at the [Fuqua School of Business](#) at Duke University have discovered, if not a window into the future then at least a tiny glimpse.

After analysing the voices of approximately 700 chief executive officers and chief financial officers Mohan Venkatachalam, a professor of accounting and William Mayew, an associate professor of accounting have discovered that hints about a company's future performance lie in an executive's voice.

The duo monitored the voices of the executives during earnings conference calls, using vocal emotion analysis software. They discovered that a positive emotional state - an excited voice - corresponded with a favourable stock market and unexpected future earnings were higher. However the opposite also held true, with a negative emotional state - such as putting a positive spin on financial data even though the underlying figures were not that good - being viewed as bad news.

"The more negative the emotional state, the lower the future stock returns," says Prof Venkatachalam.

The co-authors believe that voice analysis will in time become a useful tool for investors and analysts and will be used to identify both financial success and failure.

"We have preliminary results from follow-up work showing a very strong association between negative emotions and the likelihood of misreporting," adds Prof Venkatachalam.

The [paper](#), The power of voice: managerial affective states and future firm performance, is published in the Journal of Finance.

- The skills that used to make executives stand out - technical expertise and functional competence - are no longer as important as they once were.

A faculty member at [Harvard Business School](#), together with two consultants from an executive search company, have discovered that business know how and "soft leadership skills" are what counts today.

In their research, [The new path to the C-suite](#), published in the Harvard Business Review, HBS assistant professor Boris Groysberg, with co-authors Kevin Kelly and Bryan MacDonald from Heidrick & Struggles, believe that traditional skills are now very much "the bare minimum".

Today's executive they say needs to be "a good communicator, a collaborator and a strategic thinker," who is team focused and has an ability to multi-task. The researchers suggest that the trend they have identified towards a general business orientation over a functional one will continue and they cite the words of one executive recruiter who states that "we are looking at a whole new breed of top executive".

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