When I was interviewing for my first academic position, I (Rebecca Henry) along with some of my friends in the same graduate program were fortunate enough to have several job offers. Not surprisingly, we spent a fair bit of time during this stressful process discussing our various experiences on job interviews and sharing our anxieties as we waited to hear whether we had been “chosen.” Sadly, one of my friends seemed to have more trouble than most getting even one job offer. One day—a day when he was certainly at his lowest—he shared his frustrations with me, concluding finally (with a fair bit of anger and resignation in his voice), “It’s obvious why you are getting so many offers. You’re a woman!” I don’t actually recall my initial reaction (Did I hit him? I was probably tempted!), but in the hours and days that followed, I tried to evaluate the validity of his claim. Could he be right? Why had I received these various job offers? Objectively, I knew that I had published more research and had received higher teaching evaluations than he had. However, I had to admit that these differences in our
qualifications were not large. I also knew that my other male friends had ex-
perienced little trouble finding good jobs. Still, his words gnawed at me for
some time as I continued to wonder whether these universities wanted me
solely for my qualifications or at least, in part, because of my sex.

We begin by describing this event because it conveys the two major themes of
this chapter. First, it is often difficult to understand why various organizational de-
cisions are made. Why does one person get hired or promoted over another? Why
do organizations often assign projects to teams? The preceding vignette conveys
the uncertainty job candidates often experience as they wonder about the rationale
for various hiring decisions. The incident described also captures a second theme
relevant to this chapter: The complexity of human cognition and behavior as it re-
lates to work. Our goal for this chapter is to address both of these themes as they
relate to the application of psychological principles to human behavior at work.

By providing you with a look at organizations behind the scenes, you will be
better able to understand how psychological principles play a role in the develop-
ment of effective human resource practices. For example, those of you who have
held jobs may have wondered why you went through a particular type of training
or were evaluated in a particular manner. Coupled with these why questions is the
natural tendency for most employees to wonder whether various practices could
be made more effective. Could the training have been done in a more effective man-
ner? Was the best person promoted? Much of the information in this chapter will
help you to understand the rationale for these practices as well as to critique how
some practices you may observe could be improved.

The topics in the second half of the chapter, beginning with the topic of work
motivation, will examine work-relevant cognitions and behavior. For example, one
fundamental issue is the connection between how employees feel about their jobs
and how they behave. Are the most satisfied workers the most productive? What
causes employees to steal from work or to sabotage equipment? We conclude the
chapter by examining how employees interact with one another, specifically the
processes of leadership and teamwork. Questions that will be addressed in these
sections include “What makes some leaders more effective than others?” and
“What are the best ways of encouraging teamwork?” The information presented in
these sections will help you understand your own behavior as well as the behav-
ior of others at work. More importantly, it will also help you in the future, whether
you decide to run your own company or work in an established organization.

Taken together, the topics covered in this chapter represent the field of
Industrial/Organizational (I/O) Psychology, the study of human cognition and
behavior at work. The mission of psychologists in this field is to improve employee
well-being and organizational effectiveness through research and practice. These
dual missions, one focused on employees and one focused on the organization,
have not always co-existed amicably, but they need not represent an either/or
choice, as you will see later in this chapter.

You have already read about some of the applications of I/O psychology from
the various Psychology Goes to Work sections presented earlier in this book (see
Chapters 4, 6, 11, and 13). In essence, this entire chapter could be viewed as Psy-
chology Goes to Work; hence we have no special features with this heading. You
will also see several references to earlier material in this chapter. This is done so that
you can see how I/O psychology fits in with, and adds to, the field of psychology
as a whole. We hope that this will also have the added benefit of helping you
tie various topics together, something that is useful for the conclusion of any course.
We now begin with a look behind the scenes at employee selection, the first contact a prospective employee has with a particular organization. We then move on to what most new employees experience soon after being hired: training and performance appraisal. These three topics will focus a great deal on “how to” techniques that have evolved out of the application of basic psychological research and principles. We then turn to the major topic of work motivation, concluding with an examination of social behavior at work in the form of leadership and teams. As Figure 14.1 illustrates, all of these topics have the dual mission of enhancing organizational effectiveness and employee well-being, although organizations may emphasize the former over the latter.

**KEY QUESTIONS**

- What is I/O psychology?
- What is the dual mission of psychologists in this field?

**SELECTION: HIRING THE BEST PERSON FOR THE JOB**

Most of us have a pretty good sense of what it is like to apply for a job. You may have gone through the process of answering classified ads and interviewing, or you might have observed some version of this among family and friends. My (Rebecca Henry’s) first experience with this consisted of interviewing for a position at an ice cream stand when I was in high school. The interview consisted of only one or two questions (e.g., “Are you in marching band?”). The owner called me a few days later to tell me when I should show up for training. (For the record, being in band was viewed negatively because it made one unavailable many evenings.) This certainly was not a stellar example of a systematic, rigorous selection process, but it does highlight the general objectives of such a process. This process, in its most basic form, consists of two sequential questions that organizations must address: (1) What information should we obtain from each job applicant? (2) How should the information be obtained? In this section we focus on what organizations do behind the scenes in order to address these two questions. As with subsequent sections of this chapter, we describe the “ideal” process, allowing you then to compare this process with what you might have experienced yourself.

**Job Analysis: Assessing the Requirements for the Job**

Long before the first job applicant is interviewed for a particular job, a systematic assessment of the job should be completed (Brannick & Levine, 2002). This systematic assessment, referred to as a job **analysis**, is done in order to assess the tasks, duties, and responsibilities of a job. It probably seems obvious to you that it is important to know something about a job before deciding how to hire someone to do it. What may be less obvious is that this process of job analysis often requires hours of work by human resource professionals in order to have a clear and comprehensive understanding of the job in question. For example, one of my psychology graduate students spent an entire summer conducting a job analysis for just one position in a large insurance company!
But why should it take so much time to understand what a job entails? Can’t the people in human resources just talk to a few employees who currently do the job? If you are thinking this, you are certainly on the right track. However, the key to a systematic job analysis is to gather information from many sources in an objective manner. The data that emerge are then statistically analyzed in order to create an overall summary or profile of the job. In general, this type of approach will increase the likelihood of getting accurate information, something that is crucial for the design of both selection and performance appraisal systems.

As you can imagine, analyzing jobs in this way may take a fair bit of time, but it can often reveal subtleties of the job that were not apparent. Examine Figure 14.2, for an example of this. The researchers who conducted this study wanted to demonstrate that job analyses can often reveal surprising results, even for the most familiar jobs (Arvey & Begalla, 1975). To do this, these researchers analyzed the job of “homemaker” and then compared it with a database of 1,000 other jobs in order to determine which jobs were most similar to it. Using a well-established job analysis instrument, called the Position Analysis Questionnaire (PAQ) (McCormick, Jeanneret, & Meacham, 1969), thirty-two job dimensions were examined in order to create a composite profile of the job of homemaker. Data were collected on dimensions that assessed such things as “engaging in personally demanding situations” and “awareness of body movement and balance.” Figure 14.2 shows how four of these thirty-two dimensions varied in their importance for the job of homemaker. A comparison of the homemaker profile to the other 1,000 jobs resulted in some surprising results, with the jobs of “patrolman” and “airport maintenance chief” being two of the most similar to the job of homemaker. The point of the comparison is that neither of these jobs would appear to emphasize many of the same job dimensions, yet a thorough job analysis identified many similarities.

Developing Selection Techniques: Validity, Utility, and Fairness

After the completion of a thorough job analysis, we are close to answering the first question necessary for the design of a good selection system: “What information should we obtain from each job applicant?” However, job analysis information only serves as a guide for determining the knowledge, skills, and abilities (KSAs) that are necessary to perform a job. Before any selection instrument is used, whether it is a paper-and-pencil test, an interview, or some other type of instrument, it must be evaluated along three dimensions: validity, utility, and fairness. You already you have some familiarity with validity from reading about it in the context of research methodology (Chapter 1) and intelligence testing (Chapter 7). Utility and fairness are also probably terms with which you are familiar in other contexts but perhaps not in the context of employment testing. After we have described these three concepts, we will spend a little time discussing specific types of selection instruments.

In the context of employee selection, organizations are most concerned with one type of validity, criterion-related validity, because it refers to the strength of the relationship between scores on a particular selection test and success on the job (the criterion). Because criterion-related validity represents the strength of the relationship between two variables, it is typically assessed using correlation coefficients. As you learned in Chapter 1, correlation coefficients range from –1.00 to +1.00, and the absolute value of the correlation tells you how strong the relation-
ship is between the two variables. In the context of employee selection, an employer might have purchased a standardized test of mechanical ability from a professional test development firm. In the promotional materials for the test, it is described as having a criterion-related validity of +.40 when used to hire mechanics. In isolation it is difficult to assess whether this degree of validity is sufficient, so generally employers examine several options with the intention of selecting the test or other instrument with highest criterion-related validity. In general, the stronger the criterion-related validity of a test (the absolute value of the correlation), the better the test will be at identifying the most qualified job applicants.

Once we are confident that we have one or more selection instruments with a sufficient degree of criterion-related validity, the instruments are then evaluated with regard to their utility (Boudreau, 1991). The utility of a selection instrument refers to its usefulness, taking both the criterion-related validity and the cost of the testing procedure into account. For example, two selection procedures might have comparable degrees of criterion-related validity, but one might be more expensive to administer; thus, one would have less utility than the other. Utility is primarily an economic concept, but it takes psychological test information into account in order to be calculated.

The fairness of a selection system is also important. By fairness, we are referring both to the legality of the selection system (i.e., whether it is consistent with current employment law) as well as its perceived fairness to job applicants. Let’s consider the legal issues first. Most of you are probably somewhat familiar with various state and federal laws that protect people in various contexts (e.g., employment, education). These laws prohibit discrimination on the basis of certain protected classes, such as sex, race, and religion. What is often not stated, but which is also part of the law, is an “unless” provision that, in the context of employee selection, allows for the use of selection instruments that show “job-relatedness” and have “business necessity.” In other words, the law prohibits discrimination, but an organization can use selection instruments as long as it has evidence that these instruments help them hire the best people. If this sounds like what is accomplished through the careful validation of a selection instrument, you are correct. If fact, I/O psychologists who work in the area of employment testing have been very influential over the years as the U.S. Supreme Court and the lower courts have wrestled with these issues.

Beyond fairness as legally defined, why should organizations care about the perceived fairness of a selection system? How fair a selection system seems is important because it can influence the first impressions organizations make on prospective employees (Ryan & Sackett, 1987; Truxillo et al., 2002). In Chapter 13 you learned about the importance of first impressions in the context of person perception. The principle is really no different in the context of a job applicant forming an impression of an organization. For example, if an organization appears to be using seemingly irrelevant selection techniques to screen job applicants, it will convey a bad first impression, leading many to wonder if their other practices (e.g., compensation, promotion) are just as bad. As a result, some of the most promising job applicants may look elsewhere.

We now turn to a discussion of several specific types of selection tests. As you read this section, please keep in mind that the issues of validity, utility, and fairness apply to all of these techniques, even those that may not seem like “tests.”

**KEY QUESTIONS**

- What is job analysis?
- What is criterion-related validity?
- What does the term utility refer to in the context of selection?
- How is the fairness of a selection system determined?

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**Utility**

The usefulness of a selection technique that takes both the criterion-related validity and the cost of the procedure into account.

**Fairness**

The legality of the selection system (i.e., whether it is consistent with current employment law) as well as its perceived fairness to job applicants.
Assessing Job Applicants: Interviews, Tests, and More

The question of how to obtain information about each job applicant leads us to a virtual buffet of options; you are certainly familiar with some of these (e.g., interviews), but others may be new to you (e.g., assessment centers, work samples). Some selection techniques, such as standardized tests, can be purchased by organizations from companies that develop tests. Others must be constructed in-house by I/O psychologists and other human resource professionals within an organization. Another option for companies is to hire a consulting firm to custom-make a selection system to suit their needs. (Go to www.ddi.com to visit the Website of one of these large consulting firms.)

The most common type of selection instrument is the employment interview. In Chapter 13, you read about some techniques you can use as a job applicant to do well in an interview (see *Psychology Goes to Work* on page 456). Now let’s examine it from the organization’s point of view. Organizations are interested in designing interviews with a high degree of criterion-related validity, just as they would for any other selection test. Years of research indicate that interviews can have high criterion-related validity, but only if they are carefully structured (Campion, Pursell, & Brown, 1988). There are several elements that contribute to a structured interview, but it can be best understood by thinking of an interview as one would any other type of test. As an exercise, think about how you would feel if you learned not only that your classmates were given a different test than you, but that the material was not equivalent, it was scored by different instructors, and some students were given more time than others. This not only would seem unfair, but also would certainly make you doubt the validity of the grades given to each student.

In their unstructured form, employment interviews are not unlike this sort of testing situation. However, if care is taken to select questions based on a job analysis and if the same questions are asked in the same manner across job applicants, interviews can be a very useful tool for gathering some types of information. The use of structured interviews can also minimize the biases that often influence one person’s perception of another, such as physical attractiveness and stereotypes (e.g., Baron, 1983; Ellis et al., 2002). Unfortunately, in practice, interviews are often little more than casual conversations used to determine vaguely whether a job applicant is a good fit with the organization. In these contexts it is not uncommon for the interview to have negligible validity and to contribute to discrimination (Arvey & Campion, 1982).

Standardized tests are another category of selection technique, used most often as a means of screening large pools of applicants in the early stages of a multi-step selection program. These paper-and-pencil tests are not unlike the standardized ability and personality tests you learned about in earlier chapters on cognition and personality (Chapters 7 and 10). Like these tests, they are carefully constructed so that they are both reliable and valid. What differs is that tests used for selection have been validated for this specific purpose, so there is abundant evidence of their criterion-related validity across specific jobs. For example, there are several general tests of cognitive ability that are commonly used to screen job applicants. Research shows that these tests are predictive of success in a wide variety of jobs (Schmidt & Hunter, 1977), although they are seldom used as the sole method for selecting employees. Several specialized personality tests are also used by hundreds of organizations to screen applicants. For example, research indicates that traits such as extraversion and conscientiousness have been found to be predictive of success in several types of jobs (Barrick & Mount, 1991; Sackett & Wanek, 1996). Certain personality tests have also been useful in the screening of less desirable employees, such as those who might be more likely to steal (Hogan, 1991). If you are curious about what you should do if asked to take an employment test such as this, see the *Psychology Lends a Hand* section that follows.

**Structured Interview**
An employment interview that is conducted in the same manner; using the same questions for all job applicants.

**Standardized Tests**
Reliable and valid tests that are used for a particular purpose and are administered in a systematic way.
One of the most innovative selection techniques, used first to select spies during World War II, is called an **assessment center** (Lance et al., 2004). The assessment center method consists of a wide variety of tests and activities administered to a small group of job applicants over a few days. As this description indicates, it can be an intense experience for job applicants. It is also a very costly method, so it is often used as the last stage of hiring for upper-level managerial positions for which the cost of a bad hire can be substantial. During the assessment, job applicants are typically observed doing a number of exercises, such as working in a team or prioritizing hypothetical work activities (see Figure 14.3 on page 470). Trained assessors observe each applicant, taking careful note of specific behaviors exhibited. These behavioral exercises are often supplemented with interviews and standardized tests. At the end, the assessors combine the scores from each test and exercise, computing an overall rating that is used to make the final selection decision. Because of the time and effort involved in assessment centers, consulting firms are often hired by organizations interested in using this method.

The last type of selection technique we will describe is called a **work sample test**. As the name indicates, a work sample test requires job applicants to perform a sample of the work they would be expected to do on the job. For example, a work sample for a clerical position might consist of a test in which various software packages are used to create documents. Job applicants would be scored under time constraints to assess technical proficiency. Like any other test, the key is to standardize the administration and scoring and to evaluate the work sample test’s criterion-related validity before using it.

Work samples can be thought of as a type of audition, similar to those you may have experienced to become part of a choir, band, or theatrical production. Although work samples can be time consuming to design and implement, they have the advantage of giving job applicants a realistic preview of the job, something that you. Responding consistently shows that you are reading the questions carefully and giving honest responses.

- **Be honest.** While this may sound like advice that helps your potential employer more than it helps you, that is not the case. By responding honestly, you are less likely to be identified as someone who is faking answers.
- **Be consistent.** Many tests have similar questions dispersed throughout. This is done for statistical reasons rather than to trick you. Responding consistently shows that you are reading the questions carefully and giving honest responses.
- **Be wary.** This is easier said than done and may sound like a contradiction to the last suggestion. Just remember that most tests like this are only used to screen out a few “bad apples.” It is very unlikely that you would not get hired simply because of your responses to one test. By following these suggestions you will not only be better informed about employment testing, you will more likely be hired for the type of job that suits your preferences best.

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**Assessment Center**

A selection technique that consists of a wide variety of tests and activities administered to a small group of job applicants over a few days.

**Work Sample Test**

A selection test that requires job applicants to perform a sample of the work they would be expected to do on the job.
can help job applicants determine whether the job would suit them. On the other hand, work samples are not practical if the organization expects to train new employees how to do most aspects of the job. In these cases, job applicants would not be expected to have all of the necessary job-relevant skills when they are hired.

**KEY QUESTIONS**

- What is a structured interview?
- What is an assessment center?
- What is a work sample test?

**TRAINING: HELPING EMPLOYEES ACQUIRE RELEVANT SKILLS**

Regardless of qualifications, most new employees go through some form of training soon after being hired. Training is also common among experienced workers at various times in their career. In fact, most jobs have changed drastically over the past several years, making training and retraining an ongoing endeavor in many occupations, such as medicine and engineering. In this section we examine the procedures organizations use for the design and evaluation of training programs. As with employee selection, a great deal typically happens behind the scenes before any training has commenced.

**Needs Analysis**

The first step in a training program, consisting of a systematic collection of data to address the question “Who needs to learn what?”

**Program Development: Assessing Who Needs to Be Trained and How**

The first step in the design of any training program is to conduct a needs analysis. As the name suggests, this analysis consists of a systematic collection of data to address the question “Who needs to learn what?” A needs analysis is conducted at
three different levels, beginning with an organizational analysis. An organizational analysis takes into account the projected costs and benefits of training various groups of employees. This type of analysis helps executives evaluate the costs and benefits of training those in one department versus another. Once this determination has been made, a task analysis is done in order to identify the KSAs needed to perform the job. This task analysis is really equivalent to a job analysis, which you read about earlier in this chapter, and therefore may not need to be redone if a thorough job analysis has recently been completed. Lastly, a person analysis is done in order to assess the current KSAs of those who will receive the training. In recent years, particular attention is being given to the distinct training needs of different groups (e.g., older and younger employees), with the goal of giving every employee the assistance needed to succeed on the job (Riggio, 2000). Cumulatively, the information gathered from a needs analysis provides the necessary foundation for assessing specifically what training needs to be done.

The next part of the process is to design the training method or technique that will be used. Research on this topic has been guided extensively by basic psychological principles in the area of human learning and cognition, so you are already familiar with many of the basic principles that have guided the design of organizational training techniques. However, rather than cover familiar ground, we highlight a few specific applications of human learning principles in the context of employee training.

Training methods are roughly categorized as those that occur either on-site or off-site. By far the most common on-site method is on-the-job training in which an inexperienced employee learns the ropes in the actual work context during company hours. Under appropriate circumstances, this can be a highly effective training method, as it allows the new employee to engage in observational learning and to practice newly acquired skills. (For a review of observational learning principles, please see Chapter 5, Learning.

On-the-job training often provides immediate positive and negative feedback, an important part of observational learning, so that the new employee can learn from the consequences of doing it right or wrong. Employees are usually highly motivated to learn, as they are able to see the consequences of their actions. Even now, years later, I remember the negative consequences I received from one of the first milkshakes I ever made. The customer returned to the window and demonstrated to me (and everyone else) how lumpy it was by spooning it out onto the counter. That was very clear feedback indeed! Never again did I let my mind wander as I used the milkshake mixer.

Despite these advantages of on-the-job training, there are some potential disadvantages. For example, new employees may learn the wrong things from the wrong employees if care is not taken to pair new hires with the most highly skilled and motivated employees. For this reason, it is essential that on-the-job training be carefully planned beforehand in order to assure that observational learning from the best employees occurs. Another option is to consider a training method called vestibule training, in which a separate “practice” work area is used for the trainees. This method allows for observational learning while reducing some of the negative consequences that might occur as the result of employee goofs, such as lumpy milkshakes.

Off-site training methods tend to be much more varied than on-site methods because they are not constrained by the work context. Many of these methods are similar in form to educational techniques that resemble the standard classroom instruction that any student knows all too well. These methods are not very flashy but may be the best means for conveying certain types of job-relevant knowledge. For example, attorneys might learn about new laws and regulations by attending a seminar. Another off-site method is programmed instruction, a technique that allows trainees to go through instructional materials at their own pace, testing themselves before proceeding to subsequent modules.

**On-the-Job Training**
Training in which an inexperienced employee learns the ropes in the actual work context during company hours.

**Vestibule Training**
An on-site training method that uses a separate “practice” work area, allowing for observational learning.

**Programmed Instruction**
An off-site training method that allows trainees to go through instructional materials at their own pace, testing themselves before proceeding to subsequent modules.
Observational learning techniques are also the basis of one type of off-site training method, referred to as **behavioral modeling**. One of the most common applications of behavioral modeling is used in managerial training programs. With behavioral modeling techniques, principles of observational learning are applied so that managerial trainees can practice and learn interpersonal skills such as how to resolve conflicts or negotiate with others (Salas & Cannon-Bowers, 2001). Behavioral modeling has also been very successful in training people to use specific types of computer software (Gist, Schwoerer, & Rosen, 1989). One common exercise, common in behavioral modeling, is role-playing, in which trainees take turns playing both of the roles in an interpersonal exchange, such as doctor and patient or employee and customer (see Figure 14.4). An added benefit to role playing is that it can help trainees empathize with the nontraditional point of view, such as that of patient or customer.

**Evaluating Training Effectiveness: More Than Just Learning**

Once training is completed, how do we tell whether it has been successful? This issue is particularly of interest to organizations that may be comparing two or more training approaches, one more labor intensive and expensive than the other. For example, one study conducted at Kodak contrasted the effectiveness of two different approaches for training managers how to plan (Brettz & Thompsett, 1992). The first method was simply a lecture-based training method that allowed trainees to take notes and ask questions. The contrasting training method consisted of the same factual material, but it was presented very differently in order to make it more interesting. The trainers really went all out, incorporating games and skits. Classical music played in the background with the hope that it would reduce some of the stress of learning. After the training, the two groups of trainees responded to a questionnaire regarding their reactions to the training and then took a test to assess what they had learned. As you can see from Figure 14.5, the more elaborate training created very positive reactions. Trainees enjoyed the games and music, and they also believed they had learned more. However, the test of how much was learned revealed no significant differences in learning. Given that the more elaborate training was much more expensive, it is easy to understand why it was not recommended.

This example highlights the importance of measuring several things in order to assess training effectiveness. Fortunately, research on training evaluation is...
specific with regard to the criteria that should be used (Kirkpatrick, 1959). The preceding example examined only two categories of training effectiveness criteria—reaction criteria and learning criteria. Two additional criteria, behavioral criteria and results criteria, cannot be assessed until the trainees are back at work. Behavioral criteria focus on what employees actually do on the job after the training. For example, equipment operators who have undergone safety training may have learned precisely how to use the equipment to prevent accidents, passing a test with flying colors that assesses their knowledge of safety procedures. However, they may have little motivation to follow these safe procedures. Why? It could simply be that the safety procedures take a little more effort (e.g., methodically checking various gauges or putting on safety glasses). This example highlights the problem of transfer of training, the problem of demonstrating on the job what has been learned during training. This problem of “transfer” is one that has occupied researchers in I/O psychology just as it has the field of education for decades (De Corte, 2003).

The last of the training criteria to be assessed is the results criterion. This criterion addresses the question of what actually occurs as a final outcome, or result of the training. With the preceding safety example, this might be observed by a reduction in accidents. In a different context, such as training customer service representatives, the results criterion might be a reduction in customer complaints. Results criteria can also take the form of economic indices, such as increases in output or reduction in waste of raw materials.

**KEY QUESTIONS**
- What is a needs analysis?
- What are some examples of specific training methods?
- How are training programs evaluated?

### PERFORMANCE APPRAISAL: IDENTIFYING EMPLOYEE STRENGTHS AND WEAKNESSES

When teaching courses in I/O psychology, I often ask my students at the beginning of the course to describe an unpleasant work experience they have had. For many of them it is the summer job they just left before returning to school. For others it is a job they held down while going to school. The most common response I receive to this question is a negative reaction to being evaluated by their supervisor as part of a structured performance appraisal. Interestingly, my students’ accounts of these events don’t necessarily include being told something negative about their performance. Indeed, some of them felt quite good about their performance, yet report disappointment that their efforts went unnoticed. Others report the shock of learning, after months on the job, that they were being evaluated for something they were never told to do.

### Why Performance Appraisal Is Unpopular, Yet Essential

The preceding examples illustrate some of the reasons why performance appraisals may not be something that most employees anticipate eagerly, although research suggests that employees generally do want to receive feedback from their super-

**Transfer of Training**
The question of whether material learned during training is demonstrated on the job.

**Results Criterion**
A measure of training effectiveness that examines the final outcome of the training (e.g., accident reduction).

**Performance Appraisal**
The process of evaluating employee strengths and weaknesses.
visors (Ashford, 1986). In other words, they want appraisal feedback but not in the way they often get it. On the other side of the situation are managers who often express dislike for this part of their jobs because it often brings negative reactions from subordinates (Waung & Highhouse, 1997). But does this need to be the case? Following is a summary of what research on this topic says about how to conduct performance appraisals so that these evaluations meet their intended objectives with a minimum of negative reactions from both sides.

But what are the objectives of performance appraisal? There are several—some more obvious than others. As can be seen in Figure 14.6, an organization’s performance appraisal system is often considered the hub of many human resource practices, indicating that it plays a central role in these activities. For example, information from performance appraisals should serve as the basis for deciding who gets promoted. Similarly, this information should also be used as the basis for determining raises. These are both “evaluative” purposes, as they serve to guide important decisions that matter to employees.

Other uses of performance appraisal information are more “developmental” in nature, meaning that their intent is to provide employees with individualized feedback in hopes of strengthening any weak areas. For example, a particular fast-food worker may be fast and efficient at preparing customer’s orders, but also may have a record of not treating customers in a courteous manner. One would hope that the appraisal of this employee would point out this deficit, with an accompanying plan for specialized training targeted at customer relations skills.

Lastly, performance appraisal information can provide useful information for evaluating other human resource practices, such as the effectiveness of a training program or the implementation of a new selection system. In these cases, the information about individual employees is of less importance than the overall performance of a group of employees who were part of a new training or selection system. In these instances, it is the system that is being evaluated, not the employees.

Because of these important functions, it essential that the appraisal process be executed well. Sloppy, unsystematic appraisals can lead to the wrong person getting promoted or a poor selection system being implemented. In its simplest form, a good performance appraisal system consists of a good appraisal form that is used appropriately. We first turn to the construction of the performance appraisal form. We then address the human side of it—the supervisor who fills it out.

**Constructing Evaluation Forms: Making Them User-Friendly**

As you learned earlier in this chapter, job analysis information serves as the crucial starting point for most human resource practices. Simply put, one must thoroughly understand the tasks, duties, and responsibilities of a job before deciding how to select people for it. Similarly, to construct a performance appraisal form, one must design it using this same job analysis information so that all relevant aspects of the job are represented on the form. While this may sound hopelessly rigid, it is the best way to make the performance appraisal form valid.

With job analysis information in hand, the first task is choosing the format of the appraisal form. Fortunately, over the years there has been a great deal of research on this (e.g., Latham & Wexley, 1977; Smith & Kendall, 1963), and from this
research a number of useful guidelines have been proposed. First, it is preferable to use specific critical behavioral incidents rather than ambiguous traits on the appraisal form. Critical behavioral incidents are specific examples of behavior (both positive and negative) relevant to the job in question. An example of a positive behavior would be “Greets each customer with a smile.” This is better than using an imprecise trait, such as “Friendly.” You can see immediately why this would be a more objective way to measure one aspect of customer relations. Similarly, the words associated with each dimension (referred to as anchors) should be as unambiguous as possible (see Figure 14.7) for an example of good and bad performance appraisal items.

The performance appraisal form, in its entirety, should also be representative of the job, meaning that it covers all aspects of performance that have been determined as relevant. This is a straightforward principle but is one that in practice is often difficult to implement. Why? The difficulty is that some aspects of performance are inherently easier to measure than others. For example, a salesperson’s productivity is much easier to quantify (e.g., volume of sales) than are his or her interactions with customers. The common tendency in these cases is to focus on what can be quantified and to overlook more subjective dimensions, which are difficult to measure. This tendency should be avoided, as it results in appraisal forms that are not representative of the job. This would be equivalent to a teacher leaving large portions of material off of a test even though the material was covered. As a result, grades would not reflect who learned what. As you can see, the same principles apply to all forms of evaluation.

Because the construction of appraisal forms is a time-consuming task, it is seldom done by one individual, even for one particular job. What is more customary is to have groups of subject matter experts work on this task. These individuals are people who have done the job in question or perhaps supervised those who did. With the guidance of job analysis information, they work together to generate dozens of critical behavioral incidents for each job. This long list of behavioral incidents is then rated by each subject matter expert. On the basis of these ratings some are discarded, and redundant examples are combined. The result is a behavioral rating form that hopefully captures most relevant aspects of the job.

At this point in the process, it is a good idea to circulate the appraisal form so that everyone can see it. This can both improve the final product as well as help ease any tensions associated with this stressful process. By concluding the process in this way, both supervisors and employees will clearly understand what job dimensions are considered most important, resulting in fewer biased ratings and fewer unpleasant surprises.

**KEY QUESTIONS**

- Why is performance appraisal so important?
- What are some techniques for designing good performance appraisal forms?
Supervisors Are Human, Too: Errors, Biases, and Memory Lapses

Even with the best performance appraisal form imaginable, there can be problems evaluating employees accurately. The appraisal form is just part of the puzzle. Just as there can be “operator errors” that cause accidents when working with equipment, so, too, can supervisors make errors when rating employees. Next we describe four common errors and discuss how they can be minimized.

Two of the most common errors are **leniency error** and **severity error**, the tendency for a supervisor to give employees ratings that are either higher or lower than their performance merits. As students, you have certainly seen this in the grading tendencies of various teachers you have had. In a work setting, the pattern is no different, and some of the reasons it occurs may be similar, too. For example, a manager’s ratings may suffer from leniency error because of an intentional desire to avoid unpleasant reactions from employees. After all, who is going to storm into a supervisor’s office if everyone has been rated as “good” or “excellent”? Another cause of leniency error occurs in organizations that evaluate their managers on the basis of the performance of those they manage. By giving high ratings to subordinates, the supervisor is thus viewed more favorably. Unexcused absences are rare. Everyone shows up on time. Reports are completed on schedule. While these may be extreme examples, you can see how even a tendency to inflate ratings, either to avoid conflict or to enhance the appearance of one’s own performance, could easily occur, even among managers who are generally motivated to be fair.

Now let’s look at the other extreme—severity error. What could possibly make a supervisor rate employees lower than their performance merits? Before concluding that some supervisors are just nasty, let’s consider some other possibilities. Perhaps the supervisor simply has unrealistic standards of excellence. Indeed, this is thought to be one cause of severity error, and it seems to occur when supervisors use themselves as a comparison standard. For example, supervisors who have recently been promoted may still remember what it was like to do the job they are rating other people to do. They may have a distorted perception of how great they were, or they may really have been great. Either way, this can lead to severity error if the supervisor uses this unrealistic standard of comparison to rate subordinates who may be less experienced at the job. Another cause underlying severity error is more intentional and may seem hard to believe. It is not uncommon for supervisors to adjust ratings down when they are aware that little, if any, money for raises will be available. They know the importance of linking raises to performance and attempt to accomplish this in the most inappropriate way, by lowering the appraisals to match the anticipated small rewards.

A third common error is **central tendency error**, an error that represents ratings that hover around average. Supervisors who give ratings with this error may be those who have not been diligent about observing their employees during the preceding months. When given the task of rating several employees, they can’t because they have not been paying attention. They think the safe response is to check the box in the middle rather than to admit that they do not have enough information to make the judgment.

All three of these errors, leniency, severity, and central tendency, represent a pattern of evaluating most or all employees with a particular bias. The last error we will consider, **halo error**, is distinct in that it represents a tendency to evaluate particular subordinates as “angels,” as the term _halo_ suggests. These are the employees who can be seen as doing no wrong, despite evidence to the contrary. Certainly, the concept of playing favorites is not new to anyone. Understanding the reasons for it are more complex, as it seems to stem from basic principles of social cognition—how we perceive and think about those around us (see Chapter 13).

In particular, halo error appears to stem from a general human tendency to view some characteristics as more important than others and then to perceive those who have this characteristic in more favorable terms overall. For example, imag-
a supervisor who views creativity more highly than other traits. This supervisor pays close attention to the creativity expressed by each subordinate. As far as this supervisor is concerned, creativity is the key to success. Now imagine one subordinate in particular who really shines when it comes to creative contributions to the team. When evaluating this subordinate along with the others, the manager rates this employee higher not only on creativity (which is appropriate) but also on unrelated dimensions, such as punctuality and teamwork skills, regardless of whether the employee is particularly noteworthy on these dimensions. This may not be favoritism in the intentional sense, but it still results in one employee receiving a more favorable evaluation than is deserved.

Earlier in this section you read about some of the techniques for reducing error—for example, designing the performance appraisal form so that it does not leave room for interpretation. In addition to this, organizations can reduce these error tendencies among their managers by training them in observational techniques (e.g., how to avoid person perception errors; please see Chapter 13) and by recognizing and rewarding supervisors for being accurate rather than simply treating performance appraisal as one more task they should get out of the way (Murphy & Cleveland, 1991). This can help to counter some of the motivations we discussed earlier to commit some of the various errors. (For a not-so-good approach to reducing rating errors, see Figure 14.8.)

In addition, organizations must give supervisors ample opportunities to observe each subordinate over a period of time. While this may seem so obvious as to be insulting, it is not uncommon, particularly in this day of telecommuting and flex-time, for supervisors not to see their subordinates much at all during a given week (see Figure 14.9). Lastly, appraisal systems should realize the limits of human memory. Simply having supervisors keep a record of relevant employee behaviors can serve as a set of crucial retrieval cues when the time comes to fill out the semiannual appraisal forms.

**FIGURE 14.8**
*How Not to Correct Rating Error*
Supervisory rating errors are so prevalent that sometimes extreme approaches are used to improve their accuracy. Here is an example of what not to do.
Source: DILBERT reprinted by permission of United Features Syndicate, Inc.

**FIGURE 14.9**
*Telework Makes a Supervisor’s Job More Difficult*
The increasing frequency of alternative work arrangements, such as telework and flex-time, makes it more difficult for supervisors to observe their subordinates, thus making accurate performance appraisal even more of a challenge.
Our focus in this chapter is to help you understand how psychological principles are applied behind the scenes in many successful organizations. Enhancing your awareness of this can help you succeed as a job applicant and as an employee. However, this is only part of the picture. Understanding the behavior of your co-workers is at least as challenging, if not more so. For the last three topics—work motivation, leadership, and teamwork—we shift our attention to the behavior of others at work: Why are they motivated to behave as they do? Why are some supervisors in leadership positions more effective than others? Why do some teams have more difficulties than others? We begin with the topic of work motivation, defined as the internal processes that activate, guide, and maintain behavior directed toward work.

How does management think about work motivation? It is viewed, in combination with skills and abilities, as the second piece of a two-part puzzle. The first piece—getting highly skilled employees in place—is the primary focus of training. Many selection techniques and performance appraisal systems also focus more on skills than on motivation. However, organizations realize that a high-performing workforce has not only the skills, but also the will that is necessary to succeed. In this context, work motivation represents what is meant by will.

Fortunately, theory and research on motivation, such as what you learned about in Chapter 9, have played a crucial role in helping organizations create conditions and practices that foster high levels of motivation. These principles have been studied extensively in organizations of all kinds, resulting in many highly successful organizational techniques. For example, the most effective compensation systems are often based on principles of Expectancy Theory, which specify how effort is linked to performance and how performance should be rewarded (see Chapter 9). Goal-Setting Theory is also applied in many organizations to help managers set challenging, specific goals for employees. You also read in Chapter 9 about intrinsic motivation, motivation that comes from the pleasure we get from activities that we enjoy. This theory has been applied in work settings, resulting in some very creative job design techniques that make work more enjoyable and fulfilling (Hackman & Oldham, 1976).

In this section we focus specifically on people’s feelings and attitudes about work and how these feelings motivate their behavior at work. We begin by discussing the link between job satisfaction and work performance. Next we examine how job satisfaction and its opposite, dissatisfaction, motivate employees to do very positive and very negative things, respectively. As you read this material, we remind you again that there is no necessary contradiction between having happy workers and having productive workers. Both objectives can often be achieved by the same means.

Job Satisfaction: Are Happy Workers Productive Workers?

Can you think of some activity you really enjoy that you often work very hard at? Perhaps it is an athletic activity or playing a musical instrument. However, I’ll bet that you can also think of instances in which you worked very hard and did well at something you did not particularly enjoy. (For a humorous example of another alternative, see Figure 14.10.) The question posed in the heading for this section...
addresses this issue in the context of job satisfaction, people’s attitudes about various aspects of their jobs (Smith, Kendall, & Hulin, 1969). By examining the statistical correlation between job satisfaction and performance across representative groups of workers, the question of whether happy workers are productive workers can be systematically addressed. No shortage of researchers has examined this question across hundreds of occupations and tens of thousands of employees.

For a summary of the latest, most comprehensive examination of this question, see Figure 14.11. This figure shows the results of a metaanalysis of several hundred studies that examined the job satisfaction–performance relationship (Judge et al., 2001). For simplicity, we excerpted the results of four different major occupational groups to show you the range of the findings. As you can see from Figure 14.11, the researchers found a modest, positive relationship between job satisfaction and performance, but it varied somewhat across occupations. The link between satisfaction and performance was strongest among scientists/engineers and weakest among nurses. This suggests that, for many jobs, being more satisfied does relate somewhat to performing better, but there is some variability across jobs.

### Organizational Citizenship and Retaliation: The Good, the Bad, and the Ugly

Organizations care about performance, but they also care about many other types of employee behavior. They want to retain their best workers, and they want them to show up regularly and punctually. Ideally, they would also like their employees to go the extra mile, helping one another and volunteering for extra assignments.
Conversely, organizations also care about minimizing destructive behaviors such as theft, sabotage, and aggression toward co-workers; they often use high-tech surveillance equipment as a means of discouraging such behaviors (see Figure 14.12).

Perhaps not surprisingly, job satisfaction appears to play a role in all of these behaviors. Specifically, negative behaviors such as absenteeism, theft, and sabotage show a modest but significant negative correlation with job satisfaction (i.e., more satisfied employees do fewer of these things) (Hulin, 1990). Conversely, positive behaviors such as helping one’s co-workers and volunteering for extra assignments show a modest but positive correlation with job satisfaction (i.e., more satisfied employees do more of these things) (Organ & Ryan, 1995). Particularly relevant is job dissatisfaction that stems from feelings of unfair treatment. These feelings of unfairness play an important role in a whole cluster of negative work behaviors, extending to such acts as employee theft and sabotage (LeBlanc & Barling, 2004; Ambrose, Seabright, & Schminke, 2002; Greenberg, 2002; Skarlicki & Folger, 1997).

It is important to note, however, that several other factors may also contribute to these negative behaviors. For example, aggressive acts toward co-workers are done more often by employees who perceive the actions of others with a hostile attribution bias (Neuman & Baron, 1997). This bias is one that causes some people to interpret the actions of others as being intentionally hostile. According to this research, employees who see their co-workers as “out to get them” have more of a tendency to retaliate through aggressive acts. This distorted way of thinking, combined with feelings of dissatisfaction, can be a lethal combination, resulting in a whole cluster of negative work behaviors.

Similarly, positive work behaviors, such as helping co-workers, are motivated by feelings of job satisfaction in conjunction with other personality variables. These behaviors, referred to as organizational citizenship behaviors, are influenced by such personality characteristics as conscientiousness and empathy (Ladd & Henry, 2000; McNeely & Meglino, 1994; Organ & Ryan, 1995). Taken together, the most helpful employees tend to be those who are conscientious, empathic, and satisfied with their jobs. These examples only mention a few of the additional factors that influence positive and negative employee behaviors. What is important to remember is that job satisfaction plays a role, but it is not necessarily the starring role.

**KEY QUESTIONS**

- What are work motivation and job satisfaction?
- What is the nature of the relationship between job satisfaction and performance?
- What other behaviors do job satisfaction and dissatisfaction relate to?

**LEADERSHIP: FROM SUPERVISORS TO CEOs**

At various points in this chapter we have indirectly discussed the role of those in supervisory positions. For example, supervisors often play an important role in selecting, training, evaluating, and motivating their subordinates. We now focus directly on leadership, defined here as the process by which one member of a group (its leader) influences other group members toward attainment of shared group goals (Vecchio, 1997; Yukl, 1994). The question of how leaders exert this influence has been a topic of great interest to psychologists since the early part of the twentieth century. It is also a topic that has been studied by scholars from other disciplines, such as history and political science. Although the focus in these disciplines is slightly different (e.g., political or military leaders), the central question remains...
the same: What contributes to effective leadership? We turn to that question first
by examining the characteristics of effective leaders and then by examining the
leaders’ work context. We conclude with a description of one very powerful style
of leadership that has been receiving much attention over the last decade—
transformational leadership.

**Leader Characteristics: How Effective Leaders Are Different from Others**

If you were taking this course a decade ago, the answer to the question of what dis-
tinguishes effective leaders from others would have been “There are no consistent
findings.” This disappointing conclusion would probably have gone against your
common sense. Certainly the best CEOs and military generals seem different from
others. Indeed, it was this common sense belief that initiated nearly a century of re-
search on leadership as scholars explored a host of traits in hopes of finding some
that correlated with leadership effectiveness (e.g., Terman, 1904; Yukl & Van Fleet,
1992). Are effective leaders more intelligent than others? Are they more dominant?
Occasionally, a study would report a significant relationship between one of these
traits and leader effectiveness, but this pattern invariably would fail to appear in a
subsequent study. Halfway through the century and hundreds of studies later, re-
searchers concluded that the search for key leadership traits was not going to lead
to clear answers (Stogdill, 1948).

The next avenue that researchers examined was the behavior of effective lead-
ers. The question was modified from one that focused on traits to one that focused
on what leaders actually do at work. Personality tests were put aside and clip-
boards were taken in hand as researchers directly observed leaders at various su-
pervisory levels (e.g., Stogdill, 1963). These researchers did indeed begin to see
distinct categories of behavior. Using sophisticated statistical analyses, they were
able to classify hundreds of behaviors into a reasonable number of dimensions, re-
sulting in a final two-factor classification. This two-factor classification consisted of
a set of behaviors related to the work (task behaviors) and a set of behaviors related
to people (interpersonal behaviors).

Depending on the researchers, these task and social behaviors might be given
slightly different names, but for most studies the distinction was minimal. For ex-
ample, giving a deadline to a subordinate would have been classified as a task be-
havior, whereas talking with a subordinate about a personal problem would have
been classified as an interpersonal behavior. This clear distinction between types
of leader behaviors was encouraging, but it fell short of addressing the question of
whether effective leaders do more of one behavior or another. Unfortunately, sub-
sequent studies examining this question met with the same fate as the earlier trait
studies. No clear pattern emerged.

We began this section by hinting that something important must have emerged
regarding the characteristics of effective leaders in the last decade or so. Indeed,
there have been many recent developments in the study of personality, and some
of these relate to leadership. For example, in Chapter 10, you read about a classifi-
cation of personality called the Big Five, which describes personality along five
broad dimensions (conscientiousness, extraversion, agreeableness, emotional sta-
bility, and openness to experience). The strength of this framework, combined with
valid measures of each trait, has led to a reexamination of traits in many contexts.
For example, earlier in this chapter we discussed personality tests as an employee
selection tool. Similarly, the question of effective leadership has been investigated
with respect to the Big Five. Questions such as “Are effective leaders more consci-
entious or more extroverted?” have now been systematically studied.

One of the most conclusive studies of leadership traits examined nearly one
thousand earlier studies (Judge et al., 2002). As you can see in Figure 14.13 on page
482, a clear pattern emerged, showing the relative importance of each of the Big
Five traits in terms of their correlation with leadership effectiveness in business settings. While the correlations are modest in size, they are statistically significant for three of the five dimensions of personality. According to the results of this meta-analysis, effective leaders tend to be more extroverted and more open to experience, compared with less effective leaders. To a lesser extent, effective leaders also tend to be more emotionally stable. Important also to note are the two dimensions that were not related to leader effectiveness: conscientiousness and agreeableness, traits that may be important for other types of jobs, but less so for leadership positions in business settings. We should note that these researchers also examined leadership in the military and found slightly different results (e.g., conscientiousness was correlated with leader effectiveness in this context).

This metaanalysis represents just one approach to studying effective leaders. Others have found that effective leaders differ from ineffective ones in other ways. For example, effective leaders tend to be more flexible and have higher energy levels (Yukl & Van Fleet, 1992). Various skills of effective leaders have also been examined, such as technical and interpersonal skills (Bass, 1990). The research on leadership skills puts more of an emphasis on enhancing leadership skills through training, rather than assuming, as the trait perspective does, that individual differences are relatively fixed.

Speaking of fixed characteristics, what about differences between male and female leaders? Do they differ? Are members of one sex more effective than the other as leaders? This is the sort of debate that could get quite heated, even among close friends. Psychologists have been interested in this question also, as evidenced by the sheer volume of studies on the topic over the past several years. Using the same metaanalytic techniques mentioned here, Eagly and her colleagues systematically examined hundreds of studies of sex differences in leadership (Eagly & Johnson, 1990; Eagly, Karau, & Makhijani, 1995). From these studies several consistent patterns emerged. The question of leadership style, for example, shows that male and female leaders do tend to adopt different leadership styles on average. Female leaders tend to rely more on a participative style (e.g., getting input from others before making decisions), whereas male leaders tend to adopt a more autocratic style (e.g., giving directions). These differences are not great, however, and most effective leaders, regardless of gender, adapt their style to the particular situation.

When it comes to leadership effectiveness, however, the differences been male and female leaders are minimal (Eagly, Karau, & Makhijani, 1995). In many situations there are no consistent differences. However, in leadership positions that have been dominated by one gender or the other, some small differences in leader ef-
Leadership in Context: How the Work Setting Influences Leaders

Everything we have discussed thus far with regard to leadership has focused on the leader with little mention of how the leader might be influenced by the work context. Are some situations simply more challenging to leaders? Do subordinates have an impact on how leaders behave? The answer to both questions is yes. Several theories of leadership effectiveness have approached leadership in this way. One theory, called the Path–Goal Theory, examines how leaders should adapt their style of leadership in response to the situation (House, 1971). For example, when dealing with an inexperienced employee, a directive approach may be most appropriate because the subordinate needs extra guidance. In contrast, a more experienced subordinate may object to this, preferring instead to be motivated by a challenging goal. Another leadership theory, called Normative Decision Theory, prescribes how leaders should take the situation into account when deciding how a particular decision should be made (Vroom & Yetton, 1973). According to this theory, the central question is the degree of participation leaders should solicit from their subordinates. For example, autocratic decisions can be more appropriate when the situation dictates that the decision must be made quickly. Democracy may encourage commitment to a decision, but it is slow! Under other conditions, a participative decision in which everyone has a vote is much more effective. This approach to leadership decision making has been very successful in management and executive training programs because it helps future leaders learn when it is better to ask for input and when it is better to go it alone.

Contemporary research on leadership has taken a novel look at leadership effectiveness by examining the impact that subordinates have on leaders. Social influence is, after all, a two-way street, even when one individual has more formal authority than the other. Turning the tables in this way has resulted in some very interesting findings regarding leadership. For example, this research shows that leaders have distinct relationships with each subordinate and that the quality of the relationship varies substantially (Graen & Scandura, 1986). From this perspective, referred to as the Leader–Member Exchange Theory, both the leader and the subordinate contribute to the creation of the relationship. Leaders and subordinates who establish a high-quality relationship would be expected to trust each other more, with the subordinate being given more responsibility. In contrast, low-quality relationships are characterized by formal organizational rules instead of by trust. Research has shown that subordinates benefit greatly from developing high-quality relationships with their leaders and that these subordinates reciprocate by working harder and generally contributing more (Liden, Sparrowe, & Wayne, 1997).

Transformational Leadership: Encouraging and Inspiring Others

When most of us think of truly great leaders, words such as vision, inspiration, and charisma may come to mind. Historical figures such as Queen Elizabeth I and Alexander the Great had this effect on those they led, and certain CEOs have been described with these terms as well. In recent years, psychologists have attempted to study this form of leadership, first by defining the characteristics of these leaders and then by examining the impact these leaders have on those around them. The term transformational leadership has been adopted to describe this type of leadership because it captures the notion that these leaders truly transform those around them and, sometimes, the world (Bass, 1985).

There are several ingredients that contribute to transformational leadership, the most central of which is charisma. Leaders who have charisma tend to have a

Path–Goal Theory
A theory of leadership that examines how leaders should adapt their style of leadership in response to the situation.

Normative Decision Theory
A theory of leadership that prescribes how leaders should take the situation into account when deciding how a particular decision should be made.

Leader–Member Exchange Theory
A theory of leadership that describes the distinct relationships that leaders form with each subordinate.

Transformational Leadership
Leadership that consists of charisma, intellectual stimulation, and genuine concern for subordinates.

Charisma
A characteristic of transformational leaders that consists of having high self-confidence, a strong vision, and high expectations for followers.
clear vision for the future. Martin Luther King Jr.’s vision for social change is a good example of this. Charismatic leaders also tend to be very self-confident, which allows their vision to be contagious to others. Lastly, charismatic leaders set very high standards for those that follow them. Religious cult leaders, often described as charismatic, expect their followers to devote their entire lives to the cult—a very high standard indeed.

But transformational leaders are more than simply charismatic. In fact, some research shows that purely charismatic leaders can often create maladaptive dependence among their followers, and those who have evil intent can have disastrous consequences on society (Yukl & Van Fleet, 1992). What makes transformational leaders distinctive is that they combine charisma with two additional patterns of behavior: They show genuine concern for their subordinates and they intellectually stimulate them (see Figure 14.14). This pairing of emotional support and intellectual challenge is crucial to helping employees reach their potential, as found in a wide range of organizational settings (e.g., Bass & Avolio, 1993; Bass et al., 2003).

**KEY QUESTIONS**

- What characteristics distinguish effective leaders from others?
- How does the work context influence leaders?
- What are the characteristics of transformational leaders?

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**BUILDING TEAMS: HOW AND WHEN TO WORK AS A GROUP**

“The final assignment for this course is a group project. . . .” As an instructor, I know that the preceding statement will invariably bring a mixture of reactions from a class. Some will feel relieved to share the burden of a large assignment. Others will worry about whether they will be teamed with a group of slackers. Still others will think about the possibility of making friends as a result of working together. Organizational work groups create the same diverse reactions among employees, along with a host of challenges. Because of these challenges, organizations should carefully consider whether a team approach is desirable.

Certainly, some activities must be performed by a highly coordinated team. A pilot cannot fly a jet without a co-pilot and flight engineer, nor can a surgeon remove an appendix without the efforts of nurses and technicians. However, in many instances, organizations can decide whether or not a team approach is suitable for accomplishing a task. For example, important decisions can be made either by one individual or by a group. (See Figure 14.15 for a few examples of different types of organizational teams.) The decision whether to assign work to a team should take many factors into account. In this section, we discuss some challenges of teamwork, beginning with the topic of team composition—the task of putting the team together so that it functions smoothly.

**Team Composition: Deciding Who Should Work with Whom**

Some people work better together than others. This is the basic starting assumption of team composition research. The key is to identify what mixture of individual
characteristics results in the most effective team functioning. Part of the answer depends on what the team is going to be required to do and another part depends on what outcome really matters. For example, having a highly diverse work group (e.g., different age, gender, cultural background, expertise) can have a very positive impact on creative problem solving, a task that is central to many organizational teams. Unfortunately, highly diverse groups also tend to have trouble retaining members (Williams & O’Reilly, 1998). What they gain in creativity they lose in stability. Groups that are too diverse also tend to have communication problems, so it generally takes them longer to become proficient.

Generally, what appears to be most effective with regard to diversity is to have sufficient differences so that everyone can contribute something unique. This diversity also allows team members to learn from each other, something that can benefit team members over the long term. However, too much diversity can cause communication problems and interpersonal friction. As Goldilocks discovered, what is often “just right” is often something in the middle.

Another issue related to team composition is the question of how to hire good team players, those who can work effectively with a wide range of people. This trend is gaining momentum in many team-based organizations, with consultants being awarded lucrative contracts on the condition that they help recruiters identify these prize employees. These new hires are expected not only to be technically proficient, but also to be good working with others. Research on the selection of team members shows once again the relevance of the Big Five personality approach. For example, teams with members who are high in conscientiousness and extraversion tend to be more effective (Barrick et al., 1998). In other contexts, particularly those in which conflict is common, having highly agreeable group members is, perhaps not surprisingly, related to group success (Barrick et al., 1998). Interestingly, this research found evidence that even one highly disagreeable team member can have an adverse affect on an otherwise smoothly functioning group. The saying “One bad apple can spoil the barrel” certainly seems to apply to teams.

A last factor to consider is the ideal size of the team. Here, the research on motivation in teams is specific. According to this research, it is far better to slightly understaff a team than to make it too big (Hackman, 1990). Teams with too many members not only have more difficulties coordinating their efforts (e.g., setting a common meeting time) but also tend to have more social loafing—the tendency to reduce one’s efforts when working collectively (Steiner, 1972; Latane, Williams, & Harkins, 1979). Not surprisingly, when members of a team are allowed to decide how big their team should be, they often err in the direction of making it too large, in part because people understand that their own efforts can be reduced as the group gets bigger. This motivation is something with which organizations wrestle as they try to create teams that are neither over- nor understaffed.
Managing Conflict and Encouraging Cooperation

Once a team has been created, the potential for conflict among members arises. Conflict can come in many different forms and not all of it is destructive. For this reason, contemporary perspectives of team conflict view it as something that should be managed, rather than avoided or eliminated (Amason, 1996). One basic distinction in team conflict is task conflict versus relationship conflict. As the terms indicate, task conflict refers to disagreements about how the team’s primary activity should be accomplished, whereas relationship conflict refers to interpersonal problems between individuals. For example, advertising executives might disagree about the form that a new ad campaign should take. The executives are united on the goal; they simply have different views regarding the best means of achieving it. This is an example of task conflict. Conflicts or disagreements of this type may be unpleasant as they are occurring, but they can often result in constructive outcomes and therefore should not be squelched.

Among one type of group—those charged with making important decisions—conflict is often conducive to making good decisions (Henry, 1993; Sniezek & Henry, 1989). This research shows that groups that had the most divergent opinions made the best decisions overall. In fact, groups that experience no dissent among their members often make serious errors in judgment, sometimes referred to as groupthink (Janis, 1972). For example, both space shuttle disasters (the Challenger in 1986 and the Columbia in 2002) have been partially attributed to this faulty group decision process among engineers at NASA. In fact, the importance of constructive disagreement is so generally recognized now that organizational teams will often appoint a member to voice disagreement (a devil’s advocate) in order to guarantee that dissenting arguments will be raised.

In contrast, relationship conflicts often serve no purpose but to advance the agendas of the respective parties. These conflicts generally originate from personal disagreements among team members. For example, a long-feuding pair of teammates may make a point of shooting down each others’ ideas merely because they dislike each other. Conflict of this variety can result in communication breakdowns, which in turn have been known to cause the most serious of mistakes, such as airline disasters (Foushee, 1984) and surgical errors (Anand & Winslow, 2003).

Even isolated disputes can interfere with a team achieving its goal. One common dispute of this type occurs in the initial stages when parts of the project are assigned. Two team members may want to do the same part of the project, leaving more boring tasks undone. Because these conflicts occur early on, they can set the tone for the entire experience and should therefore be handled diplomatically as possible so that everyone feels as though they are an important member of the team (Henry & Landa, 2000). Dysfunctional conflict can also arise from team members giving feedback to one another, even though feedback is an essential aspect of highly effective self-managed teams (Hackman, 1990). As you have probably observed from your experiences working with others, feedback is sometimes delivered in a harsh, sarcastic manner, resulting in hurt feelings rather than positive change. To learn how you can be more effective at giving feedback the next time you work in a team, see the Psychology Lends a Hand section that follows.

**Task Conflict**
Disagreement about how the team’s primary activity should be accomplished.

**Relationship Conflict**
Conflict in the group that refers to interpersonal problems between individuals.

**Groupthink**
Serious errors in group decision making that result from a lack of dissent in the group.

**KEY QUESTIONS**
- What are some of the things to consider when putting together a team?
- What are some causes of conflict?
How to Give Feedback to Team Members

One of the most difficult aspects of working in teams is determining when and how to give feedback to other members of the team. Of course, giving positive feedback by telling someone they are doing well is never difficult. Giving negative feedback is another matter. Although it is expected that supervisors and others in authority positions will give feedback, it is often not appreciated when feedback comes from team members. However, research on teams is very clear in this regard: Effective teams have members who are able to give constructive feedback to one another (Hackman, 1990). Here are some tips on how to give constructive feedback so that it accomplishes its mission without causing friction:

1. **Be descriptive, not evaluative.** When giving negative feedback, describe what the specific behavior is and refrain from labeling it (e.g., lazy, stupid).

2. **Be timely.** It is tempting to delay saying something, hoping the problem goes away. However, it is more important that the feedback be given soon after the behavior has occurred. This makes learning from mistakes easier and also prevents the build-up of hostilities.

3. **Be gentle.** Imagine how you would feel hearing negative feedback from a teammate. By empathizing you will more likely deliver the feedback in a manner that will be received.

4. **Be accurate.** Stick to the facts when giving feedback. Don’t overgeneralize (“You always interrupt!”) or gloss over problems (“So you’ve missed every meeting. No problem!”).

By following these guidelines, it is much more likely that the feedback you give will be listened to and that positive change will follow.

### SUMMARY AND REVIEW OF KEY QUESTIONS

- **What is I/O psychology?**
  
  I/O psychology is the study of human cognition and behavior at work.

- **What is the dual mission of psychologists in this field?**
  
  To improve employee well-being and organizational effectiveness through research and practice.

**Selection: Hiring the Best Person for the Job**

- **What is job analysis?**
  
  Job analysis is a systematic assessment of the tasks, duties, and responsibilities of a job.

- **What is criterion-related validity?**
  
  Criterion-related validity is the strength of the relationship between test scores and a criterion, such as job success.

- **What does the term utility refer to in the context of selection?**
  
  The utility of a selection test refers to its usefulness, taking into account validity as well as cost.

- **How is the fairness of a selection system determined?**
  
  The fairness of a selection system is determined by its adherence to laws as well as by employee perceptions.

- **What is a structured interview?**
  
  A structured interview is one that is conducted in the same manner, using the same questions for all job applicants. Applicant responses are also evaluated using the same standards.

- **What is an assessment center?**

  An assessment center is a selection system consisting of a wide variety of tests and activities administered to a small group of applicants over a few days.

- **What is a work sample test?**
  
  A work sample test requires job applicants to perform a sample of the work, just as they would be expected to if hired.

**Training: Helping Employees Acquire Relevant Skills**

- **What is a needs analysis?**
  
  A needs analysis consists of a systematic collection of information done in order to identify which employees are most in need of training and what they need to be trained to do.

- **What are some examples of specific training methods?**
  
  On-the-job training, vestibule training, programmed instruction, behavioral modeling and role playing are all examples of specific training methods.

- **How are training programs evaluated?**
  
  Training programs are evaluated using four criteria: trainee reactions, learning, behavior, and results.

**Performance Appraisal: Identifying Employee Strengths and Weaknesses**

- **Why is performance appraisal so important?**

  Performance appraisal is important because evaluations of employees serve to influence many important human
resource decisions and practices, such as promotion, raise decisions, and employee feedback.

- **What are some techniques for designing good performance appraisal forms?**
  Performance appraisal forms should be designed using critical behavioral incidents and well-defined anchors. All relevant aspects of performance should be represented. The use of subject matter experts is useful for generating good items.

- **What are the four major types of rating errors?**
  Leniency, severity, central tendency, and halo are the four major types of rating errors.

- **How can these errors be minimized?**
  Errors can be minimized by using good appraisal forms and by training supervisors with regard to their use. Supervisors should also have ample opportunity to observe subordinates and should keep records of employee behaviors to help their memory.

**Work Motivation: Encouraging Employees to Do Their Best**

- **What are work motivation and job satisfaction?**
  Work motivation is the term used to describe the internal processes that activate, guide, and maintain behavior directed toward work. Job satisfaction is the term used to describe employees’ attitudes toward their jobs.

- **What is the nature of the relationship between job satisfaction and performance?**
  Research indicates that there is a modest positive correlation between job satisfaction and performance that varies somewhat by occupational group.

- **What other behaviors do job satisfaction and dissatisfaction relate to?**
  Highly satisfied employees are more likely to engage in organizational citizenship behaviors, such as helping co-workers. Highly dissatisfied employees are more likely to engage in negative behaviors such as absenteeism, sabotage, and theft.

**Leadership: From Supervisors to CEOs**

- **What characteristics distinguish effective leaders from others?**
  Research indicates that effective business leaders are more extroverted, more open to experience, and more emotionally stable than less effective leaders. Other research indicates that effective leaders are also more flexible and have higher energy levels than others.

- **How does the work context influence leaders?**
  According to various leadership theories, the work context influences the style a leader uses, the way that decisions are made, and the nature of relationships with subordinates.

- **What are the characteristics of transformational leaders?**
  Transformational leaders are highly charismatic. They also provide intellectual stimulation to their subordinates and show genuine concern for them.

**Building Teams: How and When to Work as a Group**

- **What are some of the things to consider when putting together a team?**
  The amount of diversity in a team should be based on what the group’s primary purpose is. Also important is to staff the team with those who are conscientious and agreeable.

- **What are some causes of conflict?**
  Conflict arises from two primary sources: the task the group is doing and the relationships among group members.

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**PSYCHOLOGY: UNDERSTANDING ITS FINDINGS**

**Developing a Work Sample Test to Select Instructors**

Think of the dozens of different teachers you have had throughout your life. If you are like most people, it is easiest to think of the very best and the very worst. After years of observing, you know a great deal about this profession. With this knowledge in mind, imagine that you have been appointed to a school committee to improve the hiring of math instructors, using a work sample test. Your job is to design the work sample test and develop a method for scoring each applicant. Use the following questions to guide you through the process of developing this assessment tool.

1. What exactly would each applicant be asked to do?
2. What behavioral dimensions would you assess?
3. Who would evaluate each applicant?
4. What important characteristics would be difficult to assess with this method?

Before a work sample such as this would be used, it should be examined with regard to its validity, utility, and fairness. However, what you have just done is similar to what would be done to develop a work sample. Evaluating it with regard to validity, utility, and fairness would still take additional work before it could be used.
Key Terms

MAKING PSYCHOLOGY PART OF YOUR LIFE

Do You Like Teamwork? Good Workers Come in All Forms

People vary considerably regarding their feelings about teamwork. For example, individuals who have a very high need for achievement often prefer to work alone (Riggio, 2000). If you are curious about your own beliefs, take the questionnaire below, indicating on a 1 to 7 scale the extent to which you disagree (1) or agree (7) with each statement. Then use the key at the end to tally your score. Try to respond as honestly as possible, and remember that this questionnaire tells you only about your general beliefs about working with others. It says nothing necessarily about how effective you are working on a team.

___ 1. It’s easy for me to make friends with people with whom I work.
___ 2. Work is more significant when it is done on an individual basis.
___ 3. Working on projects with others provides an opportunity to make friends.
___ 4. People work harder in a group.
___ 5. I prefer working by myself so I can decide how a project is done.
___ 6. I find it easier to organize my ideas when working in a group.
___ 7. Working in groups encourages people to work less.
___ 8. Better decisions are made when working in a group.
___ 9. Projects are more fun to do with a group of people.
___ 10. I manage my time better when I work with others.

Key: First, reverse score numbers 5 and 7, giving a 1 for a 7, a 2 for a 6, and so on. After reverse-scoring these two items, sum across all ten. Scores range from 10 to 70, with a higher score representing more favorable attitudes about working in groups (Henry & Olson, 2001). If you find yourself having difficulty responding to these questions, that can be viewed as a very positive sign. It indicates that your beliefs tend to vary based on the experiences you have had in teams. If you scored very high or very low, you may want to challenge your beliefs the next time you work as a member of a team. Perhaps you were being influenced by one particularly good or bad experience. And remember, your attitudes about teamwork don’t say anything necessarily about how good a team member you tend to be. Teamwork skills, which can be developed with training and practice, are more important than attitudes.

KEY TERMS

Anchors, p. 475
Assessment Center, p. 469
Behavioral Criteria, p. 472
Behavioral Modeling, p. 472
Central Tendency Error, p. 476
Charisma, p. 485
Criterion-Related Validity, p. 466
Critical Behavioral Incidents, p. 475
Fairness, p. 469
Groupthink, p. 486
Halo Error, p. 476
Industrial/Organizational (I/O) Psychology, p. 464
Job Analysis, p. 465
Job Satisfaction, p. 478
KSAs, p. 466
Leadership, p. 480
Leader–Member Exchange Theory, p. 483
Learning Criteria, p. 472
Leniency Error, p. 476
Needs Analysis, p. 470
Normative Decision Theory, p. 483
On-the-Job Training, p. 471
Organizational Citizenship Behaviors, p. 480
Path–Goal Theory, p. 483
Performance Appraisal, p. 473
Position Analysis Questionnaire (PAQ), p. 466
Programmed Instruction, p. 471
Reaction Criteria, p. 472
Relationship Conflict, p. 486
Results Criterion, p. 473
Severity Error, p. 476
Social Loafing, p. 485
Standardized Tests, p. 468
Structured Interview, p. 468
Subject Matter Experts, p. 475
Task Conflict, p. 486
Transfer of Training, p. 473
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