

The I/O Opener

UW's I/O Psychology Newsletter

Summer 2005

“I/O” or Industrial and Organizational Psychology is an applied field that seeks to enhance human well-being and performance in organizational and work settings. Through this semi-annual newsletter, the University of Waterloo’s I/O Psychology graduate students and faculty aim to raise awareness of what our field contributes to organizational effectiveness for business and public services (including government, education, and community agencies).

We continue to be pleased with the favourable response to previous editions of the *I/O Opener* (available at http://www.psychology.uwaterloo.ca/div/IO/newsletter/newsletter_links.htm) and we hope that our readers will remain enthusiastic and continue to interact with us. We are seeking to integrate our activities with the interests of our readers and encourage you provide us with suggestions for future publications.

This issue of the *I/O Opener* features a selection of articles dealing with both academic and applied topics including: Heather Macdonald’s research on performance management; a conversation regarding the current careers of former UW I/O graduates by Fathmath Ibrahim, complete with recommendations for those seeking a future in the field; a description of survey results presented by Lance Ferris concerning Waterloo alumni and their work/family attitudes; and an article by Mehrdad Derayeh, concerning franchisee selection measures that were developed within our group. Finally, we close with an article highlighting some recent awards received within our department. Enjoy! - *Eds.*

WAAS'up? Research on I/O Alumni Attitudes

Starting in November, 2004 the Waterloo Alumni Attitudes Survey (WAAS for short) was initiated to examine the work and life attitudes of University of Waterloo alumni. The survey involved three waves of questionnaires sent to alumni over a period of 6 weeks to assess aspects of participants’ work and home lives. Some results of preliminary data analyses are presented below.

Who Participated in the WAAS?

The average respondent was 42 years old, and had been working at their organization for 8 years. 56% of our respondents were male, and our respondents were predominantly Caucasian (90%). Of those in a romantic relationship, on average, they had been in the relationship for 15 years. At work, respondents had on average worked with their current supervisor for 3 years, and been in their current position for 4 years.

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WAAS'up? Research on Alumni Attitudes (*Continued from page 1*)

Are University of Waterloo Alumni Happy?

In general, most participants indicated they were satisfied with their lives in general. More specifically, individuals also indicated they were highly satisfied with their relationships as well as their jobs. These findings were consistent with what one generally sees in North America. As one might expect, satisfaction at work, in relationships, and with life were all positively related: individuals who were happy with their work tended to be happy in their relationships and life in general.

The Juggling Act – Balancing Work and Family Life

There has been a lot of interest in work-family balance lately, both in the media and in human resource departments in organizations. All this attention might be having a positive impact, because overall, our respondents seemed to be managing the difficult balancing act of home and family requirements. Most individuals slightly disagreed with statements suggesting that their work was interfering with their family life. On the flip side, most individuals also disagreed or slightly disagreed that their family life was interfering with their work. This finding is somewhat at odds with the popular perception that work-life balance is increasingly difficult to find. Are organizations changing their practices to better help individuals balance? Is this something that has been prioritized by individuals, with positive results?

One possible interpretation is that people are reducing the extent to which work plays a central role in their lives. The results of our study support this interpretation, since the average respondent indicated that work wasn't a central part of life. More interestingly, people who felt that work was a central part of life were less satisfied in their relationships, less satisfied overall with their lives, and experienced more work-family conflict. However, they were more satisfied with their jobs!

Another interesting finding was the gender differences observed in work-family conflict. Although the prevalent intuition is that women experience more work-family conflict than men, in our sample, men experienced more work-family conflict than women. Furthermore, we also found that individuals with children experienced more work-family conflict than individuals without children, and this conflict may be spilling over into other aspects of their life as well: individuals with children reported lower satisfaction with their lives in general.

Overall, the work-family conflict issues reported by those who completed our survey were quite intriguing. We hope to further analyze the data to gain a better understanding of these findings, and why they are at odds with the popular perception of work-family life balance.

Comparisons at Work

Do you often find yourself thinking about getting that corner office that your co-worker has? How about comparing your salary to others? Maybe you compare your career path to someone who started around the same time as you? No doubt, we all do this to some extent...but what impact does it have? Does it influence our attitudes, or are they just passing thoughts? Does it matter if you compare to someone who is better off, or worse off, than you? This is an important distinction in psychology, and we were interested if something as simple as the comparisons you make at work can impact your happiness on the job.

One of the first things we noticed was that the type of job seemed to influence the type of comparisons people made: jobs that were more ambiguous, or where people had less autonomy, resulted in individuals making more comparisons to people who were *better off* than they were. In turn, individuals who compared themselves with people who were better off than they were tended to be less happy with their jobs, less committed to their organization, and more likely to look for another job. Conversely, people who compared to individuals who were *worse off* than they were tended to be happier, more committed, and less likely to search for a new job.

These results help us understand how ambiguous, low-autonomy jobs lead to dissatisfaction in the workplace, by suggesting that those types of jobs influence who people look to as comparison groups. The comparisons you make can then, in turn, influence your job satisfaction.

This brings to a conclusion the results of our preliminary analyses of the responses to the WAAS. We would like to thank all of those who participated, as well as the Office of Alumni Affairs for all their help in making this survey an incredible success! If you have any questions or comments, feel free to contact the researchers at waas@uwaterloo.ca. - Lance Ferris

Performance Management Matters

Most HR executives would agree that providing employee performance appraisals is one of the most challenging and important areas of human resource management. Further, over the past few decades, performance appraisal has been one of the most heavily researched topics in I/O Psychology. This attention is understandable given that performance appraisals serve a number of purposes, including employee feedback and development, as well as identifying employees for training, promotions and pay increases. Based on the latest available research, this article will discuss strategies for optimal effectiveness in managing two important aspects of performance appraisal: providing performance feedback and setting performance-related goals.

What Does Effective Performance Feedback Look Like?

Effective performance feedback provides many benefits to organizations and employees alike. When properly executed, performance feedback reinforces positive work behaviours and identifies ways to develop and improve. Effective feedback also improves supervisor-employee communication, and helps maintain employee motivation, satisfaction, and commitment. One strategy for effective feedback is to ensure the feedback is detailed, individualized, and clear. This can be accomplished by following an organized framework such as a performance evaluation form consisting of multiple performance dimensions (i.e., “communication skills”) which are further broken down into specific behavioural components (i.e., “written expression” and “oral expression”). Such a format enables the supervisor to proceed through each performance dimension separately and provide feedback that reinforces or redirects specific behaviours within that dimension.

Not only knowing *what* to say, but *how* to say it is central to effective performance feedback. When delivered appropriately, employees are more likely to accept the feedback, more satisfied with the feedback, and more motivated to perform well in the future. First, remember that feedback should be directed at objective behaviour, rather than the person. Avoid using personal labels (e.g., “irresponsible”, “sloppy”). Second, avoid exaggerating, minimizing, or using sarcasm when giving feedback (e.g., “You’re never on time”). Third, include positive feedback along with the negative. Do not assume the employee already knows what he or she did well. Furthermore, avoid using “but” statements when switching from positive to negative feedback—these cause employees to discount the positive and focus on the negative information. Finally, performance feedback should be a collaborative effort that leaves room for the employees’ point of view. To convey this, and to avoid defensive employee reactions, use “I” statements when

delivering performance feedback (e.g., “I have observed that...”). Applying these simple ideas allows employees to maintain their integrity and can mean the difference between effective and ineffective performance feedback.

Goal Setting For Increased Performance

Goal setting is conducted as part of the performance appraisal process to communicate clear, measurable, and time-bound expectations of performance. Moreover, goal setting is a cost-effective way of motivating employees and directing employees’ behaviour toward organizational objectives.

Performance-related goals can be directed at many different levels (e.g., individual vs. group), making it important to know your line of sight when establishing performance goals. Means and ends should be clearly identified to ensure employees know the expected outcome and the best ways to meet expectations. According to the SMART principle, effective performance goals should be *Specific*, focused, and detailed. They should also be *Measurable*, such that the outcome and progress toward the outcome can be quantified. Goals should be challenging, yet *Attainable*, and clearly linked to *Relevant* outcomes. Further, a *Timeline* will help clarify when the goal(s) should be attained.

The goal setting process can be made more collegial by agreeing upon what needs to be done, focusing on common interests, and defining success in terms of gains instead of losses. An effective strategy may be to discuss the employee’s goals and the supervisor’s goals for the employee separately, clearly specifying means and ends, mutually selecting 3-5 goals, and reviewing goals with an eye to applying the SMART principles.

Finally, remember that goal setting is merely the first step in the process of achieving performance goals. Therefore, it is important to keep employees on track by monitoring goal progress and providing informal feedback at regular intervals. - Heather Macdonald

I/O Psychology @ Work

The workforce may be full of computer specialists and engineers, but it certainly has its share of I/O psychologists, too! This article brings together the insights of past I/O psychology graduates, from their experiences in grad school to an inside peek at their current jobs.

So what exactly does an I/O psychology graduate do? To answer this question, I caught up with six former I/O psychology graduates from the University of Waterloo. I learned that I/O psychologists are scientists, researchers, consultants, teachers—but most often a combination of all of these. They don various titles depending upon their places of employment, specialization, and areas of interest. UW's past graduates can be found doing applied research to enhance organizational effectiveness, teaching in universities and colleges, and providing consultant services to public and private industries.

The graduates also filled me in on some tricks of the trade that a graduate student should know before they embark on the journey of life beyond graduate school. Past graduates said that I/O psychologists often use a bag of skills at work, including research design and analysis, critical thinking, problem solving, public speaking, and the ability to communicate with a variety of clients and customers.

So what can a current graduate student do to gain a competitive advantage over the others, I asked? Well, the answer was simple—start early and make maximum use

of your time at graduate school. Lo and behold, those research methods and statistics courses that you really hated will turn out to be the most useful tools you can master. Past graduates advised that getting involved in research, TA work, doing a guest lecture, and contributing to a course were all useful foundations for later work life. Another important grad school learning experience was the opportunity to put theory into practice by completing an internship. And, fortunately, all that group work that you were doing in your classes will finally pay off when you end up working in a multi-national company where daily interaction with a diverse workforce is the norm.

These successful I/O psychologists did not part without leaving some career advice for aspiring graduates. Not surprisingly, the first piece of advice was to pay attention to statistics and research methods (unfortunately, there's no escaping this). Starting early is critical to having a competitive CV when you graduate. Get working on research projects as early as possible—even being a third or fourth author will pay off in the long run. Take every opportunity to apply what you have learned at school,

and get involved in as many consulting projects as possible.

In closing, I'd like to point out that it's not only the graduate students who are responsible for their own education; the faculty and department have a stake as well. UW needs to ensure that students receive a balanced education, including research, teaching, practical, and consulting experience, as well as more applied course projects such as designing a selection system or evaluating a program. Furthermore, providing graduating students with seminars on the different career opportunities open to I/O grads and ensuring that students have the opportunities to develop necessary skills for their chosen careers will pay off in helping graduates find successful career paths. Good luck to all graduates, and may you find a happy and fulfilling career in I/O psychology! - *Fathmath Ibrahim*

This article would not have been possible without the generous insights and contributions from our past graduates: Professor Derek Chapman, Asst. Professor David Zweig, Manuel Werner, Mandy Balsom, Kendra Hughes and Shannan Jackson.

Franchise Outlet Managers' Beliefs and Values Predict Success

Picture this: While your rusty muffler is being replaced, you lunch on a submarine sandwich. Then you drive to the gym, work out, and reward yourself with a gourmet cookie.

What do these experiences have in common? It is quite possible that they all relied on services provided by franchise organizations. Although franchise organizations produce at least 10% of the private-sector economic output in North America (or more like 30-40% by some estimates), they are often overlooked by researchers and providers of organizational consulting services. Our graduate student and faculty group nonetheless has been able to study and serve this sector through a connection with Dynamic Performance Systems Inc., a firm that provides employee selection, training, and development solutions to leaders of franchise organizations (franchisors). The founder of this firm, Fred Berni, has contracted with the WORC Group on several occasions to develop and validate measures of franchisee (i.e., outlet owner/managers) attributes that relate to franchise outlet performance.

One of Dynamic's products is the FranchiZe Profile. This instrument contains more than 100 questions about respondents' preferences, beliefs, and past or predicted behaviour. It was designed to identify how respondents are likely to treat and manage employees, interact with and attract customers, adhere to working systems established by the franchise organization's head office, and other orientations. Although based in Toronto, Dynamic Performance Systems has clients throughout the English-speaking world. Dynamic's website (www.franchise-profiles.com) notes that of the "Top 200 Franchises Ranked by Worldwide Sales" (as ranked by the *Franchise Times* - October 2004 issue), 3 of the top 11 use the FranchiZe Profile.

The WORC Group's collaborations with Dynamic have involved both product development and more basic research. Most recently, with faculty supervision from John Michela, Mehrdad Derayeh has been analyzing some of Dynamic's data, involving approximately 700 franchisees from 18 different franchise organizations in a variety of industries. We used multi-level modeling, a state-of-the-art statistical technique, to learn more about how the FranchiZe Profile relates to performance. Several key findings emerged.

First, we were able to provide convincing evidence that the FranchiZe Profile is able to predict which franchisees are better performers. Dynamic's performance data included annual sales of each franchise outlet, along with various subjective ratings made by the franchise organization's leaders concerning each franchisee that completed the FranchiZe Profile. The statistical analysis indicated that franchisees who obtained higher scores on some of the FranchiZe Profile dimensions were also rated as better performers.

How strong is this association? Well, it depends. Some franchise organizations have outlets with sales ranging from a few hundred thousand dollars to just under a million dollars. The range for other franchise organizations is well above a million. These ranges of sales and other factors influence the ultimate impact of the attributes measured by the FranchiZe Profile. Nevertheless, we learned in a separate analysis of data, involving an additional franchise organization, that nearly \$20,000 of increased sales could be expected of franchisees for each one-point increase in their overall Profile scores. High and low scorers varied by more than 10 points, so the impact of having a high score in this organization was potentially in the hundreds of thousands of dollars (we say "potentially" because \$20,000 is an estimate that could be too high—or too low.) Although some other organizations may not have such a strong association, the statistical analysis pointed to consistency of the statistical association, meaning that some association between FranchiZe Profile scores and performance indicators is to be expected, on average, for a wide variety of sizes and kinds of franchise organizations.

A special characteristic of franchising is the franchise organization's need to maintain a consistent customer experience in all of its outlets—so franchisees must go along with the franchise system. One specific statistical test was of the association between franchisees' scores on survey items concerning Independence Orientation and the ratings by head office of their relations with franchisees. As expected, high Independence Orientation spelled trouble in most cases: head offices gave significantly lower ratings to franchisees with higher Independence Orientation. However, our analyses also indicated that a few franchise organizations are relatively tolerant of franchisee independence. This is consistent with comments in the franchising literature that more creative and entrepreneurial franchisees may be valuable in newer, developing franchise systems or in dynamic or highly competitive markets.

Some other findings may apply equally to non-franchise outlets of service and retail firms. Franchisees with a higher Employee Involvement Orientation (who believe employees are an asset and deserve the highest respect) were found to have higher sales figures for their outlets. Further, franchisees who reported feeling at ease with interacting with customers and seeking out opportunities for sales within the local markets received higher subjective performance ratings from their head offices.

Now picture this: Your muffler repair was quick and economical. The meal and snack were yummy and the gym visit was invigorating. Why? Effective management always plays a role. - *Mehrdad Derayeh*

Who We Are

"We" are the graduate students and faculty members of the Division of Industrial and Organizational Psychology at the University of Waterloo. Members of our graduate program have supported human resource management initiatives for employee empowerment, employment equity, team functioning, and many other management concerns. Recently, a number of our graduate students have taken on consulting projects dealing with employee surveys, personnel selection/development, and turnover. In addition to our applied work, we also conduct basic research on a variety of topics including leadership; work/family interface; organizational culture, climate, and communication; organizational justice; team dynamics; coaching and training; and 360° feedback. You can learn a bit more about us (including about our graduate degree programs) by visiting

<http://www.psychology.uwaterloo.ca/div/IO/>

and the websites of the faculty members listed there.

I/O Students and Faculty Members Win Awards (Again)

In the half year since our last newsletter issue, awards have been arriving right and left for several of our students and faculty members—or should we say "east" and "farther east?"

At the annual meeting of the Administrative Science Association of Canada, held this year in Toronto, the award for best paper in Human Resources was received by two of our graduate students, Shawn Komar and Jennifer Theakston, along with their two collaborators, our I/O faculty member Doug Brown and WLU business school faculty member Chet Robie. The topic of the paper—faking by job applicants when they fill out questionnaires for personnel selection—is quite relevant to everyday practice in human resource management. Using "Monte Carlo" computer simulation of various response patterns on questionnaires, the study provides information about the likely extent of misclassification of job applicants as a result of faking.

This same meeting also provided an honourable mention award to Lance Ferris, another of our graduate students, as first author on a paper co-authored with Doug Brown and another I/O faculty member, Danny Heller. The award was given by the Organizational Behaviour division for research on the interplay of personality traits and job characteristics as these variables affect organization-based self-esteem.

Farther east in Montreal, at the Canadian Psychological Association's annual meeting, Lance's additional work on organization-based self-esteem netted him the RHR-Kendall Award for best paper by a student in I/O Psychology. In a paper that also included Doug and Danny as authors, evidence of "construct validity" of organization-based self-esteem indicated that people can derive some of their self-esteem from events and roles experienced at work. This research has the potential to point to management actions that would promote enhanced mental health, motivation, and productivity.

Here on the UW campus, an undergraduate student, Beatrice Moos, received the Gold Medal for the Faculty of Arts, which is the highest award available, marking Beatrice as 1 in 1000 (or so) graduates. Beatrice's honours thesis combined I/O Psychology course material (such as Ramona Bobocel's teachings about organizational justice) with active involvement in one of our undergraduate-and-graduate research groups (concerning leadership vision, supervised by John Michela). Beatrice will go on to graduate study in the related field of Industrial and Labour Relations.

Finally, Doug Brown was awarded tenure and was promoted to the rank of Associate Professor. Congratulations to Doug and all award winners. - *John Michela*

How to Reach Us

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