

The Import of Intra- and Interpersonal Dynamics in Work Performance

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Introduction

Managers have often heard it said that “people are your most important resource”. Despite the ubiquity of this truism, examining recent issues of many of the key management journals reveals that a great deal of researcher and practitioner attention currently focuses on subjects such as firm-level innovation, strategy, knowledge management, corporate reputation, and organisational learning, without necessarily bringing in the ‘human factor’ stressed by organisational psychology. The aim in putting together this thematic issue, *Individual, group, leader, and company performance: Responses to intra- and interpersonal dynamics*, was to present a collection of papers that underscore the importance of psychological processes in determining human and ultimately organisational performance.

These fifteen articles do just that. Collectively, they address the role of personality, interpersonal relationships, and perceptions and attributions in contributing to work performance in a variety of guises. Some show positive effects of characteristics heretofore considered dysfunctional, as in Kooij-de Bode, van Knippenberg, and van Ginkel’s examination of the effects of negative affectivity and group decision making. Some demonstrate damaging effects of common perceptual processes such as stereotyping, as in Haslam, Ryan, Kulich, Trojanowski and Atkins’ investigation into the links between women’s presence on company boards and firm performance. All reinforce the need for managers to attend to intra- and interpersonal forces when planning work, creating work teams, assigning tasks, and formulating work processes and policies.

This collection features both conceptual (Pillai) and empirical papers; the latter draw upon a wide range of research designs and methodologies. There is

qualitative work (e.g., Harris & Ogbonna), quantitative research that employs experimental (e.g., De Cremer & Van Hiel; Kooij-de Bode *et al.*), cross-sectional (e.g., Aasland, Skogstad, Notelaers, Nielsen & Einarsen; Felfe & Schyns), and longitudinal designs (e.g., Restubog, Bordia, Tang & Krebs), and studies drawing upon multiple sources of data for their analyses (e.g., Millward & Postmes; Restubog *et al.*). Performance is addressed at all levels: micro (e.g., Cicero, Pierro & van Knippenberg), meso (e.g., Tanghe, Wisse & van der Flier), and macro (e.g., Delgado-García, de la Fuente-Sabaté & de Quevedo-Puente; Fink & Kessler; Haslam *et al.*). Both task performance (e.g., Millward & Postmes) and contextual performance (e.g., Hoel, Glasø, Hetland, Cooper & Einarsen) are considered. This impressive diversity in research design and means of operationalising performance lends itself to a compilation of papers that sheds light into a multiplicity of different crevices of organisational functioning.

The thematic issue leads with papers that focus on the individual employee, and how his or her emotional traits, perceptual processes, and personal motivations contribute to both individual and organisational performance. The issue goes on to feature research illuminating the functioning of work teams, an increasingly important topic given their escalating popularity in the workplace (Kozlowski & Ilgen, 2006). This is followed by articles featuring research on leadership behaviour, with an emphasis on its bidirectional relationship with follower characteristics – a necessary emphasis given that all too often, leadership is considered in isolation or in conjunction with the external business environment, and the importance of its interplay with subordinate characteristics is neglected (Baker, 2007; Hollander, 1992). Throughout the issue, a number of lower-order themes establish themselves across the micro-meso-macro levels. Some of these will be briefly discussed over the next pages

in order to introduce readers to the issue and provide a small taste of what lies in store for them.

Dispositional Traits

Employee personality is one example of a lower-order theme that cuts across the various levels of analysis employed by the papers in this issue, with negative affectivity playing a vital role in two articles. This disposition to experience subjective distress (Watson & Clark, 1984) functions as a signal that one's current situation is problematical and requires vigilant monitoring and possibly action (Forgas & Gorge, 2001). In *Too negative to take risks? The effect of the CEO's emotional traits on firm risk*, Delgado-García *et al.* evaluate how the stable emotional traits of Spanish bank CEOs influence the banks' propensity for risk taking. The authors find that the negative affectivity of CEOs related to lower risk taking on the part of their banks, as evidenced by less variability in performance, less credit risk, and less risky composition of loan portfolios. Affect and the impact of negative emotional traits appear again in Kooij-de Bode *et al.*'s article, *Good effects of bad feelings: negative affectivity and group decision-making*. The authors' research on negative affectivity finds that when work group members are high in this characteristic, they make better use of information distributed unequally among them, by thoroughly discussing and sharing information. As a consequence, the work group makes higher quality decisions.

Kooij-de Bode *et al.*'s is a fascinatingly counterintuitive result, which demonstrates that what is frequently considered a dysfunctional trait can have clearly positive effects on work group performance. The authors suggest that for group tasks necessitating thorough elaboration of new information, managers may wish to create teams composed of members with moderately high levels of negative affectivity. The

findings of Delgado-García *et al.* are no less significant in terms of their implications for managers, however. In the current economic climate, created by banks and financial institutions that were the opposite of risk-averse, CEOs who are higher in negative affectivity, who thus engage in greater information processing and are more open and attentive to new information, and who consequently take on lower levels of risk, are likely to be recognised and valued to a much greater degree than may have been the case several years ago. Both papers are evidence of the importance of taking account of emotions due to their specific consequences for performance, despite the fact that managers often consider them irrational and researchers often consider them difficult to study.

The importance of dispositional characteristics is reinforced by *Followers' personality and the perception of transformational leadership: further evidence for the similarity hypothesis*. In it, Felfe and Schyns find that subordinates' personality traits – specifically, extraversion, agreeableness, and openness to experience – influence commitment to the leader, as well as the perception of transformational leadership. In addition, subordinates' perception of leaders' personality traits (extraversion, agreeableness, openness to experience, and neuroticism) are also related to commitment to the leader and to the perception of transformational leadership. Felfe and Schyns also find evidence of a mediated relationship, with subordinates' personality traits predicting their perception of leaders' personality traits, which then influence subordinates' perception of transformational leadership and commitment to the leader. This has obvious ramifications for subordinates' evaluation of a leader's performance, as the authors point out; assessment of performance may be strongly influenced by subordinates' personality, with, for

example, subordinates high in extraversion and agreeableness being positively biased and subordinates high in neuroticism being negatively biased.

Perception

The topic of biases, and of perception more generally, crops up in several papers featured in this issue. In *Managers' perceptual errors revisited: the role of knowledge calibration*, Pillai discusses calibration – when one's confidence in one's knowledge matches the accuracy of that knowledge. What happens when managers are miscalibrated? The author postulates that managers who overestimate external factors (such as industry growth rates and favourable macroeconomic factors) and who are overconfident are more likely to form strategies that are more incremental and evolutionary. On the other hand, managers who overestimate internal factors (such as firm knowledge and resources) and are overconfident are likely to generate strategies that are more disruptive and discontinuous. The arguments in Pillai's paper show that managers' perceptual inaccuracies can have very different consequences, and that negative consequences can be avoided if managers seek further information or advice before engaging in strategic decision making.

Moving from the effects of perceptual processes at the individual level to those at the organisational level, Haslam *et al.*'s *Investing with prejudice: the relationship between women's presence on company boards and objective and subjective measures of company performance* looks at FTSE 100 firms from 2001 to 2005 to determine the nature of the relationship between the presence of women on company boards and organisational performance. No link is found between the presence of women on boards and objective measures of performance, such as return on assets and return on equity. However, a negative relationship is identified between the presence of women on boards and more subjective measures of performance,

based on stocks. Firms whose boards were composed solely of men had a 37% valuation premium on the book value of their assets over otherwise similar companies with one or more women on their boards. This is a seminal piece of research that demonstrates very clearly that there is no evidence that women are appointed to leadership positions in firms that are failing, or that women in leadership positions contribute to a decline in company performance. What the results do show is that among investors, perceptions of performance and objective reality are not aligned. Haslam *et al.* discuss the role of gender-based stereotypes with regard to leadership, as well as investor perceptions that the presence of women in leadership roles signals organisational crisis.

Employee perceptions of breach in the psychological contract are explored in Restubog *et al.*'s *Investigating the moderating effects of leader-member exchange in the psychological contract breach-employee performance relationship: a test of two competing perspectives*. This study tests both the social support perspective and the betrayal perspective with regard to high LMX employees' reactions when their psychological contracts are breached. Essentially, what the authors find is that employees who enjoy high-quality relationships with leaders appear to react more negatively to breach, by performing fewer organisational citizenship behaviours and by engaging in reduced task performance. These are robust results, across three samples, using multiple sources of data, and employing both cross-sectional and longitudinal research designs. The findings do not support the social support perspective; under circumstances of psychological contract breach, LMX does not function as a stress-buffering source of social support mitigating the negative impact of breach on performance. Instead, employees perceive breach as violating their expectations of trust, obligation and support, which accompany high quality

relationships. Cognitive dissonance also comes into play: breach in the context of a supportive relationship may be more salient because it is unexpected and contains contradictory cognitions. Restubog *et al.* observe that while organisations will continue to want to encourage high quality LMX relationships, they need to realise that this will probably create higher expectations from employees that have the potential to generate damaging outcomes if not met.

Social Identity

Social identity is another common thread among several of the papers in this issue. In *The formation of group affect and team effectiveness: the moderating role of identification*, Tanghe *et al.* use a mixed-methods approach to examine the influence of social identification in predicting work team performance. Their study finds that identification with the work group predicts affective convergence amongst group members, meaning that group members are influenced by one another and become more similar in terms of their affective (emotional) states. This affective convergence predicts, in turn, greater willingness to engage in organisational citizenship behaviours. Groups with high levels of identification are more likely to report high perceived work team performance and willingness to engage in organisational citizenship behaviours when the converged group affective state is positive, rather than negative. This is an important qualifier; high levels of identification with the group and greater emotional convergence will not necessarily contribute to better team performance, both task and contextual. The group affective state must be positive in order for these rewards to be reaped.

A different take on the impact of social identity is found in *Leadership and uncertainty: how role ambiguity affects the relationship between leader group prototypicality and leadership effectiveness*. Cicero *et al.* find that for employees

experiencing greater role ambiguity, the extent to which the leader is representative of the group identity is more strongly related to higher perceived leadership effectiveness, higher job satisfaction, and lower turnover intentions. To explain this effect, the authors posit that role ambiguity propels people to rely on their group memberships for information about social reality in an effort to reduce uncertainty.

Evidence for the contribution of social identification to work performance also appears in *Who we are affects how we do: the financial benefits of organisational identification*, Millward and Postmes's examination of different foci for organisational identification. Surveying individual employees, the authors find that identifying with the superordinate business unit, rather than one's particular team or operating company, is associated with higher sales at the team level. Across both individual-level and group-level analyses, organisational identification predicts sales achievement, despite the fact that team identification and operating company identification are found to be stronger. This is a meaningful result; previous work on social identification in organisations has supported a link between identification and motivation (see van Knippenberg & Ellemers, 2003), but this study is one of the first to demonstrate quantifiable material benefits for organisations whose members are psychologically entwined with the larger group. Taken together, these three papers point to the considerable role played by social identification in determining work group performance, individual attitudes, and perceptions of leadership efficacy, whether alone (as in Millward and Postmes), or in conjunction with role ambiguity (Cicero *et al.*) or group affective tone (Tanghe *et al.*).

Trust and Cooperation

Two papers explore the role of trust and cooperation at two different levels – individual, and organisational. Tanghe *et al.*'s second article in this issue, *The role of*

group member affect in the relationship between trust and cooperation, details the results of two experimental manipulations. The findings are based on the argument that individuals low in dispositional trust are more likely to scan their environment for cues that help them to predict others' behaviour. Low trusting individuals are thus more willing to cooperate when they encounter group members displaying high activation affective states - readiness for action - because these group members are expected to be more cooperative. For managers attempting to promote cooperation in work groups to achieve maximum performance, this has important implications. Faced with employees characteristically low in trust, managers do not necessarily need to put forth effort in changing that baseline level of trust. Instead, they can attempt to ensure that other people in the team physically demonstrate their readiness for action, through means such as facial expression and/or body language.

At the organisational level, Fink and Kessler's article *Cooperation, trust and performance – empirical results from three countries* reports on a survey of owners and/or managers of SMEs in Austria, Slovenia, and the Czech Republic and links organisational performance to individual capabilities for engaging in trust processes. The authors find that the quality, rather than quantity, of cooperation relationships creates value for companies. Firms with more cooperation experience are more successful, and the longer they manage to maintain their cooperative relationships, the better they perform. Maxim-based trust, being intrinsically motivated and based on an individual's commitment to a principle (Kant, 1998), also plays a key role in this relationship. With maxim-based trust, initial commitment to a cooperation partner is based on information such as reputation and behavioural history. Fink and Kessler demonstrate that this form of trust contributes substantially to the performance of cooperating firms, and outline a number of implications for managers. Managers need

to possess the capacity to coordinate cooperative relationships, and to adopt a long-term approach to maintaining a personal relationship with the cooperation partner.

The authors emphasise that this is not a management tool appropriate for short-term intervention or results, but rather a “constant socio-psychological predisposition underlying [managers’] decisions and actions” (p. xx).

Negative Behaviour

A number of articles in this thematic issue concern themselves with employees’ negative behaviour in the workplace. In *Hiding customer complaints: studying the motivations and forms of service employees’ complaint concealment behaviours*, a highly relevant paper given the continued growth and economic significance of the service sector, Harris and Ogbonna explore the motivations behind customer service employees’ suppression of customer complaints. These acts of concealment are considered a type of counterproductive work behaviour, and Harris and Ogbonna’s research finds that there are a number of different motives for engaging in it. For front-line employees, concealing customer complaints serves to protect their own, or co-workers’, jobs; it also reflects a low level of interest in helping customers who are perceived as rude, or who are perceived as making unfair or unfounded complaints; and it can signal a profound level of alienation from the organisation. The impetus behind managers’ acts of concealment is somewhat different, and is largely attributable to either the desire to avoid onerous work, or instrumental motives such as protecting advancement prospects. Harris and Ogbonna show evidence of widespread tacit collusion amongst managers in concealment behaviours. This could be due to reasons of efficiency, or for reasons of instrumentality. Given that the reward systems for customer service managers are

frequently linked to the volume and handling of customer complaints, there is clearly an incentive for managers to act in ‘deviant’ ways.

Counterproductive work behaviour rears its head again in De Cremer and Van Hiel’s *Becoming angry when another is treated fairly: on understanding when own and other’s fair treatment influences negative reactions*. This study demonstrates that providing employee voice, in the form of procedural justice, is – counter to received wisdom - not always associated with positive outcomes for all parties concerned. In situations where an individual is competing with another, fair treatment of the other person leads to negative emotions, especially when the individual perceives that s/he has not received fair treatment himself/herself. This in turn can lead to intentions to engage in counterproductive behaviour related to the work task. These findings dovetail with those detailed in Brockner, Wiesenfeld and Diekmann’s recent (2009) review, which suggest that under certain conditions, high procedural justice prevents individuals from satisfying some of their basic psychological motives, such as the need for control or the need to feel good about oneself.

Two of the papers featured in this issue focus on negative leadership styles, including laissez-faire leadership and bullying. Aasland *et al.*’s *The prevalence of destructive leadership behaviour* examines the pervasiveness of dysfunctional leadership behaviour in a representative sample of the workforce in Norway, using the Destructive-Constructive Leadership model to differentiate between organisation-oriented and subordinate-oriented behaviours, and between passive and active behaviours. The authors estimate the total prevalence of negative leadership behaviours at between 33.5% and 61%, and conclude that leaders who behave in a harmful manner are more common than has previously been thought. The most frequently occurring behaviour appears to be laissez-faire leadership, in which leaders

are physically present in the workplace but avoid engaging in decision making and involving themselves with subordinates. Another frequently occurring style is derailed leadership, in which the leader displays anti-subordinate and anti-organisational behaviour: these include bullying, humiliating, manipulating or deceiving subordinates, as well as absenteeism, fraud, or stealing from the organisation.

In *Leadership styles as predictors of self-reported and observed workplace bullying*, Hoel *et al.* use a large-scale representative sample of UK workers to investigate the relationship between bullying and leadership styles. A non-contingent punishment style was the strongest predictor of subordinates having been bullied themselves. This style involves arbitrary punishment of subordinates that occurs on the leader's terms and is not contingent on the subordinates' performance. However, an autocratic leadership style, involving directive or coercive leaders who demand compliance from subordinates rather than participation, was the strongest predictor of observing bullying happening to others. This is an interesting result, which indicates that a target-observer divide exists in the perception of bullying. Do autocratic leaders look like bullies from the outside, but not to subordinates working for them? Hoel *et al.* note that while autocratic leaders' use of punishment and force for non-compliance may be unpleasant for subordinates, this type of leadership behaviour may still be considered legitimate as it is predictable and contingent on subordinates' behaviour. This lack of predictability and contingency is what is associated with higher reports of being the target of bullying, and may be less acceptable to employees than working for what others might consider an over-controlling individual who practices autocratic leadership. What happens, then, if observers make conclusions about bullying that aren't shared by the subordinates ostensibly experiencing the bullying? There could

conceivably be ramifications for the commitment of these observers to the organisation.

Hoel *et al.*'s study also finds a link between laissez-faire leadership and experienced bullying. When leaders show little concern for their subordinates and abdicate their responsibility for work tasks, this appears to create perceptions of being bullied. As the authors point out, this has implications for the selection and training of leaders, who will need to engage in self-assessment of their behaviour on a regular basis to avoid subordinate perceptions of bullying, and the damaging consequences that arise when individuals feel victimised in this manner. Taken together, these two papers highlight the pervasiveness of passive, as well as active, forms of dysfunctional leadership behaviour, and the negative outcomes for the leader-follower relationship that can arise. They also reveal some unexpected complexities inherent in the assessment of negative leadership behaviours. While Hoel *et al.*'s research identifies a target-observer divide in the assessment of bullying, Aasland *et al.* observe that many leaders display constructive as well as destructive behaviours, and thus destructive leaders cannot necessarily be separated from constructive ones.

Conclusion

The research conducted by the authors of the papers in this issue raise a number of important points for managers to consider as they go about their daily tasks, and for researchers to ponder as they continue to delve into the complex psychological machinations of the workplace. Which employees will work best together in a team? How can the constructive potential of negative affectivity, or low dispositional trust, be harnessed in a work group context? How will subordinates respond to the various behavioural styles enacted by their leaders? When will fair

processes have the opposite effect from that intended? Are there any drawbacks to having a high-quality relationship between leader and subordinate?

The articles collected here will give the reader insight into some of the intrapersonal and interpersonal processes that help to determine how well an individual employee, a work group, a leader, or an organisation performs. In many ways, organisational performance is ultimately dependent on the human resources of the firm. It is my hope that the wide spread of thoughtful articles in this thematic issue will breathe new life into this axiom, and help to illustrate its importance to managers and researchers alike.

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