Imagine this scenario: Your CEO has asked you to choose between two safety training programs. At first, this decision looks easy. On average, employees who participated in Program A display a higher level of safe on-the-job behaviours than employees who participated in Program B.

But as you examine the data more closely, you see that Program A generates greater variability than Program B. Most Program A participants have near-perfect safety records, but a few Program A employees have had catastrophic accidents. None of the Program B participants have outstanding safety records, but their accidents are more likely to be minor safety infractions.

Which program would you choose?

Continued on page 2
The value of variance

(continued from page 1)

Prof Cheri Ostroff (School of Management) and Dr Ashley Fulmer (National University of Singapore) use this example to highlight the importance of examining variance in organisations. They believe that taking variability into account might help managers to achieve better outcomes in their organisations.

‘Managers – and academics – usually focus on means, or averages, in their decision-making’, Prof Ostroff explained. ‘But there is important information in the variability around that mean that might be overlooked.’

Looking at variability isn’t only important in evaluating training programs. It’s also enlightening for assembling high functioning teams and achieving high organisational performance. Most organisational cultures and practices tend to drive homogeneity. Organisational values and benefits attract a particular kind of person – and simultaneously discourage other types from applying. Even if a ‘different’ person slips through, they might feel pressured to conform and act like they are the ‘same’.

In other words, organisations ‘play to the mean’. Prof Ostroff describes this process as achieving supplementary fit: ‘Organisations try to match a person’s attributes to their work environment. If engineering majors, or people who like to work independently, have historically been successful in your company, you’re likely to keep hiring those types of people’.

Supplementary fit has advantages. Those engineers have similar values and a shared vocabulary, so they are likely to be comfortable with one another and work together effectively. But they are unlikely to generate creative solutions to organisational problems. Creativity and innovation are more likely to derive from complementary fit. To achieve complementary fit, organisations need people whose attributes are different from – but still compatible with – those of their colleagues. Prof Ostroff suggests ‘Maybe next time, instead of hiring all engineers, you bring in a few mathematicians or scientists’.

Unfortunately, managers can find it very challenging to achieve complementary fit. They worry about going ‘off the rails’ and hiring someone who seems different. One strategy recommended by academic researchers is to review selection criteria with a very critical eye. Identify those criteria, including skills, values, and personality, that are directly related to performance (these call for supplementary fit) and ‘sift out’ the discretionary ones (these might be opportunities for complementary fit).

Prof Ostroff emphasises that managers should keep an eye on variability because good organisational outcomes sometimes depend on similarity and sometimes depend on variability. For example, managers should examine the amount of agreement in employees’ perceptions of the organisational climate. Even if the overall climate is good, if too many people have divergent views about what is valued and expected from them, employees will display a wide range of attitudes and behaviours. With everyone on different pages, you won’t experience the benefits of a focused group where everyone is working toward the same strategic goals.

‘Looking at variability isn’t only important in evaluating training programs.’

Yet, variability may be important in other areas. For example, some organisational tasks may benefit more from boosting the performance of a single ‘star’ than from raising the performance of every team member and improving the team’s overall performance.

The research team presented their thoughts on variance in a chapter published in The nature of work: Advances in psychological theory, methods and practice (American Psychological Association, 2013).

If you would like to learn more about the role of variance in organisations, contact: Prof Cheri Ostroff cheri.ostroff@unisa.edu.au
**What is the Centre for Human Resource Management?**

The Centre for Human Resource Management (CHRM) was established in 2008 and is housed in the School of Management on UniSA’s City West campus.

CHRM brings together researchers with expertise in human resource management (HRM) to address major HRM-related challenges in the South Australian, national and international contexts. CHRM’s primary objective is increasing the quality, quantity and impact of research in HRM and developing academic-industry collaborations.

**What’s new at CHRM?**

CHRM is celebrating a new Discovery Grant funded by the Australian Research Council (ARC). The grant was awarded to Carol T Kulik (School of Management) and Mara Olekalns (Melbourne Business School) and examines how female employees can negotiate better economic outcomes (see Page 4 for details).

Earlier this month the School of Management hosted research methods training offered by the Centre for Advanced Research Methods and Analysis (CARMA). We welcomed Larry Williams (Wayne State University, USA), Richard DeShon (Michigan State University, USA), Fred Oswald (Rice University, USA) and Sally Maitlis (University of British Columbia, Canada) to the City West campus. They offered courses in structural equation modelling, multiple regression, meta-analysis and qualitative interviews. Want to learn more about CARMA? Check out their webpage: [http://carma.wayne.edu](http://carma.wayne.edu).

You can learn more about CHRM, its people and its activities at our website [www.unisa.edu.au/chrm](http://www.unisa.edu.au/chrm)

Prof Carol T Kulik
Director, CHRM

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**CHRM snapshots**

CHRM has developed a video library featuring research insights from CHRM researchers and our international visitors. Keep up with the latest CHRM research at:


This month we are featuring Dr Mary Bambacas and her research into job embeddedness, and Prof Carol T Kulik and her work on workforce diversity.

New videos are regularly announced in the CHRM LinkedIn group.

**CHRM blog**

Paying a premium for star performers can lower innovation! This is the subject of an active discussion on CHRM’s LinkedIn group, generated by CHRM’s latest blog. Our group is a forum for academics and practitioners to discuss HR ‘hot topics’. Why not join our 400+ members and get in on the discussion? Search for ‘UniSA Centre for Human Resource Management’ on LinkedIn or email jillian.gould@unisa.edu.au.

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**Hot off the presses**

*Workforce development and skill formation in Asia* (Routledge, 2013), by Profs John Benson (School of Management), Howard Gospel (King’s College London) and Ying Zhu (International Graduate School of Business) is an important volume which analyses the forms of training programs and consequent workforce skills required in key Asian countries. In an increasingly globalised economy, the labour market profile is changing. An understanding of the current skills shortages and future needs will better allow economies to form policy and contribute to the economic success of companies and nations.
In today’s dynamic business environment, organisations need to innovate continuously. The raw ideas for innovation come from individual employees, but the organisational context determines whether these ideas will be transformed into strategically desirable outcomes for the organisation. In a small start-up organisation, the entire process of idea generation, development and implementation has to be managed by a handful of people. But larger established organisations can harness the power of their human resources – and their human resource managers. HR managers are responsible for recruiting, hiring, and developing innovative employees. And HR policies shape the culture and the structure in which those employees do their jobs.

Innovation demands that employees try something new and new things don’t always work. Understanding this risk, HR needs to help build an organisational culture that celebrates autonomy, ownership, and experimentation and de-stigmatises failure.

How? One strategy is to create an organisational ‘sandbox’ in which experiments take place on a small scale. If an initiative is successful, it can be scaled up – but an initiative’s failure will be contained and treated as a learning experience. The organisational resources dedicated to a sandbox experiment need not be generous. In fact, frugality can spur innovation!

Since the mid-1980s, there has been a persistent 15-17% gap between the salaries of Australian men and women. To narrow this gap, women need to negotiate for better economic outcomes. But when women negotiate, they violate gender stereotypes and evoke backlash. Just asking for resources carries a social risk: Research demonstrates that women who initiate negotiations are viewed as pushy, unlikeable, and undesirable colleagues.

Profs Carol T Kulik (School of Management) and Mara Olekalns (Melbourne Business School) are launching a three-year, ARC-funded project to examine how women can improve their economic outcomes without suffering social reprisals. The research will investigate how a female employee’s behavioural history can give her greater ‘license’ to negotiate. For example, a long record of good organisational citizenship and cooperative behaviour might anchor a female employee’s reputation sufficiently to protect her from backlash when she decides to negotiate.

The research will also examine how the workplace context impacts female employees’ license to negotiate. As a result, the program’s findings will help employees to decide when and where to negotiate, and enable managers to design workplaces that sustain gender equity.

If you’d like to learn more about the project, contact:

Prof Carol T Kulik
carol.kulik@unisa.edu.au

Want innovation? Build a sandbox

Would you like to receive future copies of our newsletter and updates on CHRM’s activities? Please join our mailing list by emailing tina.morganella@unisa.edu.au.