I-O psychology and Poverty Reduction: Past, Present, and Future?

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I-O psychology has often been responsive and adaptive to its social and economic context (Koppes, 2007), albeit sometimes as a servant of power rather than powerlessness (Baritz, 1960). Baritz’s critique might partly explain why today—in my experience—we have yet to make a contribution to the Millennium Development Goals (see next page). Set in 2000 by the United Nations, the “MDGs” have as a primary objective the reduction of human poverty by 2015 (Annan, 2000). Many major organizations in addition to the UN are overtly focused, as part of their core business, on this goal. They include key “multilaterals” the World Bank, the World Health Organization, and the International Labour Organization. Included too are national civil service organizations like the U.S. Department of Health and Human Services, and Ministries of Health, Education, and Trade in “developing” and “transition” economies. Added to these is a plethora of nongovernment organizations (NGOs), from multinationals like Oxfam and World Vision to local and community-based organizations (CBOs). As well as those not-for-profit organizations, there are a multitude of for-profit organizations: local, national, multinational. According to the Organisation for Economic Co-operation and Development (OECD), for-profit organizations are crucial, not only for short-term poverty reduction but also for more sustainable forms of development through human capacity building (Manning, 2006). That is partly why, under Millennium Development Goal 8, profit and nonprofit organizations are increasingly working together to harmonize and align their work to help reduce poverty globally (Business as an Agent of World Development, http://www.bawbglobalforum.org/). Given these profound changes in the global landscape, how can I-O respond and adapt (Taylor, 2003)?

The Past

One basic implication from I-O psychology’s history is that we can help reduce poverty by contributing to selection in the organizations above. At the time of Baritz’s (1960) critique, U.S. Peace Corps workers were not selected through I-O psychology but rather by clinical judgments about candidates’ potential to handle field assignments (Harris, 1973). Understandably perhaps, attrition rates (training and field termination combined) remained high (41–56% from 1965–1969), and psychological services to the Peace Corps were shortly after reduced. Harris argued that a more empirical approach to the task, including quantitative job analysis, specification, and selection would likely have produced a more enduring psychological service. Psycho-
The UN Millennium Development Goals

Goal 1. Eradicate extreme poverty and hunger
  • Reduce by half the proportion of people living on less than a dollar a day
  • Reduce by half the proportion of people who suffer from hunger

Goal 2. Achieve universal primary education
  • Ensure that all boys and girls complete a full course of primary education

Goal 3. Promote gender equality and empower women
  • Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015

Goal 4. Reduce child mortality
  • Reduce by two thirds the mortality rate among children under five

Goal 5. Improve maternal health
  • Reduce by three quarters the maternal mortality ratio

Goal 6. Combat HIV/AIDS, malaria and other diseases
  • Halt and begin to reverse the spread of HIV/AIDS
  • Halt and begin to reverse the incidence of malaria and other major diseases

Goal 7. Ensure environmental sustainability
  • Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources
  • Reduce by half the proportion of people without sustainable access to safe drinking water
  • Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020

Goal 8. Develop a global partnership for development
  • Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction—nationally and internationally
  • Address the least developed countries’ special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction
  • Address the special needs of landlocked and small island developing States
  • Deal comprehensively with developing countries’ debt problems through national and international measures to make debt sustainable in the long term
  • In cooperation with the developing countries, develop decent and productive work for youth
  • In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries
  • In cooperation with the private sector, make available the benefits of new technologies—especially information and communications technologies.

metric approaches to selecting and evaluating aid workers subsequently gained some ground (Kealey, 1989). Kealey’s research linked empirical assessments of individual differences to poverty-reduction work efficacy, amongst Canadian technical advisors (for a review, MacLachlan & Carr, 1999). Based in part on earlier initiatives and substantial experience in Peace Corps training (Barnes, 1985), I-O psychologists have elaborated concepts such as “culture shock” and the import of cross-cultural training in general (Ward, Bochner, & Furnham, 2001). More recently in development assistance work, critical incidents techniques have been applied to ascertain both training needs and fundamental KSAOs for modern aid assignments (MacLachlan & McAuliffe, 2003). Hence, an overall lesson from past experiences is that I-O psychology can adapt its core functions of job analysis, recruitment and selection, training, performance management, and well-being to suit the modern context of MDG1.

The Present

Given those core competencies, it may seem surprising to learn that I-O psychology, in my experience, does not yet have a voice in many of the poverty-focused, perspective-hungry organizations above. At meetings and meeting places of the OECD, or the UN, or the conferences of policy makers, government officials, and academic researchers, we are simply not there. Other, related disciplines are clearly represented and indeed actively sought for advice. Chief among these is not surprisingly perhaps economics, followed by sociology, social policy, anthropology, and, increasingly, management. The absence of I-O psychology is thus palpable. It signals at the very least a communication issue, for example, possibly that our competencies are still perceived as predominantly in terms of clinical and counselling. Reinforcing that image perhaps, psychologists are found doing valuable work in clinical and counselling roles, for example, in the aftermath of natural and man-made disasters. No doubt as well, there are I-O psychologists who have been working away excellently in poverty reduction more generally. Latin American community psychology is probably a good case in point. Yet I-O psychology as a wider profession remains visibly and audibly absent from the development table. This is despite the fact that issues like enterprise development, project teamwork, intercultural work relations, training needs, and performance management, are very much “on” the development agenda.

Pay diversity

One particularly obvious—and salient—element in performance management, in any organization, is pay diversity. In international poverty work, pay diversity becomes extreme. Foreign advisors, experts, and other expatriate workers in civil, community, commercial, and educational sectors are liable to be paid from their home economy—with wages that are commensurate...
with, and competitive for, that labor market. Their partners and local counterparts, however, are liable to be paid a local salary, commensurate with the local labor market. Hence, the pay received by development workers often mirrors the very problem it is intended to remove—economic inequity. For an idea of the scale of this issue, it is quite common to see expatriate: local salary differentials of 10 or 20:1. Pay diversity of that magnitude is an elephant in the parlor. In my experience working in a “developing” country, on a local salary, it stares everyone in the face just as much as cultural differences, although is perhaps less “negotiable.” Extreme pay diversity is liable to create significant barriers to team formation and the human relationships on which capacity development depends (Carr, McAuliffe, & MacLachlan, 1998). The same differences may also interact with cross-cultural dynamics; for example, economic differences might “prime” cultural ones and vice-versa. Initial research certainly suggests that both background and pay affect perspective sharing: Locally salaried expatriates were more attuned to expatriate guilt over high salaries compared to their local counterparts from different backgrounds, and locally salaried expatriates were better attuned to local workers’ indignation over pay discrepancies compared to their culturally similar but higher-paid expatriate counterparts (MacLachlan & Carr, 2005). In recognition of sociocultural and socioeconomic factors, the UK’s Economic and Social Research Council/Department for International Development is currently funding a multi-institutional, multisector research project, “ADDUP” (Are Development Discrepancies Undermining Performance?). ADDUP will document (a) the extent of pay diversity in international joint ventures and (b) assess its various impacts on aid and commercial workers’ performance.

**Budget Support**

Salaries for overseas development advisors and other aid employees are often paid through a mechanism termed “budget support.” This is a hot issue in development work in general and poverty reduction initiatives in particular. Should international development aid be given directly to local projects, focused on specific aspects of the Millennium Development Goals, or should it be given more centrally to government departments in developing nations? Should budget support include development advisors, and if so, how “low-key” versus more “directive” should their roles be? Should aid money be directed at a general budget or to specific sectors within the economy, say in health or toward industry? How much of it, if any, should be “conditional” upon donor stipulations? And how much will each of these approaches contribute to the overall “DV” of poverty reduction? To date, much of the debate around these questions has been focused on concepts like “accountability” (De Renzio, 2006). Accountability can be viewed through the relatively macrolenses of political science, economics, social policy, and sociology but as well through less macro perspectives such as ethics, social psychology, and management. Budget support as an issue is therefore interdisciplinary.
Accordingly, there is no reason why behavioral processes (Eyben, 2005) and theories like organizational justice (Ferrinho & Van Lerbergh, 2002) should not influence how “accountability” can be promoted or undermined via individual work performance. In 2008, the Global Development Network (GDN), an applied research network geared to reducing poverty by building capacity, will be hosting a workshop on interdisciplinary research for development. This workshop will use budget support as one focal issue (http://www.gdnet.org/middle.php?oid=1215). Through the work that GDN is doing to help encourage greater involvement from a range of social sciences and professions, we remain hopeful of receiving proposals to participate from I-O psychologists in developing nations.

**Enterprise development**

Outside of the civil service sector, privately run, small to medium enterprises form an economic backbone within a range of “developing” nations. In I-O psychology, there is a tradition of examining entrepreneurship in developing nations, most notably in the classic work by D. McClelland and his colleagues, on need for achievement and its links to business and socio-economic development (McClelland, 1961, 1987; McClelland & Winter, 1971). More recently however, research by M. Frese and colleagues has expanded this original focus on need for achievement to entrepreneurial orientation. This concept includes (a) person-centred (e.g., innovativeness, personal initiative) and (b) situational moderators like perceived environmental constraints (Frese, Brantjes, & Hoorn, 2002). Research has modelled (a) and (b)’s linkages to (c) business development (Krauss, Frese, Friedrich, & Unger, 2005). Utility-related models like this have a potential to feed into increased interest in development studies about entrepreneurship, both in small to medium business settings (McKenzie, forthcoming in *TIP*) and in the context of organizational institutions in developing countries (Chu, 2003). Moreover, models from the developing economies are feeding back into, and informing, the modelling of entrepreneurial orientation in the I-O “mainstream” (Baum, Frese, & Baron, 2007). Thus the more we can “bite into” I-O issues that are perhaps a little outside the conventional norm, the more we stand to develop ourselves, both as a discipline and as a profession.

**Brain drain**

An additional interesting feature of research on need for achievement is that it has been linked to travel and mobility (McClelland, 1961). That includes, for example brain drain from developing nations, whether in the Caribbean (Tidrick, 1971) or within Eastern Europe (Boneva & Friese, 2001). In development organizations at present, there is much interest in what is termed the “migration-development nexus.” Migration has a potential to contribute both negatively and positively to poverty reduction, for example through brain drain, return migration (“brain gain”), Diaspora investment net-
works, and cash remittances from migrants to a home economy (Musser, 2006). Modelling why individuals migrate in the first place, who goes and who comes back, and which individuals keep contact via business networks or sending remittances are applied research questions that are very much at the forefront of current development policy (Carr, Inkson & Thorn, 2005). So too is employment selection bias in developed economies, against skilled migrants from developing nations, which fosters “brain waste” (Mahroum, 2000). Although public policy invariably impacts on these issues, for example, who is permitted to work through visas in the U.S., it also seems likely that human factors in employment selection decisions will also have an influence on brain drain, waste, and poverty reduction. Once again therefore, I-O psychology has an economically and socially useful role to play.

To sum up, work psychology processes are implicated in a range of poverty-related processes. These range widely, spanning the selection of aid and development workers; designing more equitable pay and remuneration systems in aid projects and integrating cross-cultural training with skills at managing socioeconomic diversity; evaluating and choosing the most effective organizational channel for aid delivery; selecting, funding, and training would-be entrepreneurs; and understanding what motivates decisions to emigrate, integrate, and return migrate. In each and every one of these specific areas, I-O psychology has either the potential to help make a difference, or is already doing so. All that is required is to adapt our existing techniques and practices and to look at some of the key issues facing those organizations working at MDG1. Reglancing at the MDGs above, I am sure that readers will already be envisaging ways in which I-O psychology has the potential to contribute.

The Future

Thinking laterally

First we can expand our own definition of I-O psychology. Millennium Development Goal 8 above, for example, stresses the need to integrate international business, trade, and commerce in poverty-reduction processes. Perhaps then we can focus not only on nonprofit organizations (above), but also on private investment decision making, whether through stock-market behaviour (Eachus, 1988) or foreign direct investment in developing and transition economies (Festervand & Mpoyi, 2001; Foo & Sung, 2002). We can study more the benefits of corporate social responsibility (Orlitzky, Schmidt, & Rynes, 2003). We can include the decision making of individual members of donor publics as public investors in poverty reduction via income tax: Meeting Millennium Development Goal 8 requires, for example, increased public support for raising the proportion of tax revenue allotted to international development assistance (Fransman & Lecomte, 2004). What links these points into a gestalt is an idea that poverty reduction is often about organizations managing stakeholder perceptions.
**Raising profile**

Second, we can become far more visible and vocal. At interdisciplinary meetings between key development agencies such as the World Bank, the OECD, and the Global Development Network, we are simply not present. Activating some kind of professional marketing system, whereby we communicate to these bodies our own current job description and more importantly perhaps KSAO’s, would seem to be imperative. How else are we going to counteract any prevailing professional stereotypes, for example, that we all work in the domains of clinical and counselling psychology and not much else?

**Growing capacity**

Third, we can develop capacity in-house. Currently there are a number of graduate students and interns, in I-O psychology, who have chosen to develop their skills in development settings, whether as host country nationals or expatriate workers. These individuals are the future of our presence in poverty reduction work. We need to support them as much as we can. For that particular in-house goal, we have recently created a computer-mediated network, called “Povio.” Povio connects these individuals with each other and with senior figures in the profession. Some of those senior figures have worked in development settings for some time, others are éminence grises within the profession more generally. Either way, the general idea behind Povio is to enhance and develop capacity internally by joining together. Hence, anyone in I-O psychology is free to join the Povio network. Simply send an e-mail to povio@massey.ac.nz, with the following two-line message:

Subscribe povio
End

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**References**


