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# The SAGE Encyclopedia of Quality and the Service Economy

## Organizational Psychology

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# Organizational Psychology

Broadly speaking, *organizational psychology* is a field of study and research in which scientific principles of psychology and methods are developed, applied, and practiced in the workplace. It deals with various aspects of people's behavior and attitudes and connects them to functions and productivity in an organizational setting. In other words, it is about how employees experience their environment and how they think, feel, behave, act, and interact in the organizational environment. This entry discusses organizational psychology's origins and examines its applications to the workplace.

## The Field of Organizational Psychology

Organizational psychology focuses on the influence that organizations have on individuals' functioning. It seeks to explore and understand the insights of individual employees in its connection to issues of well-being at the individual and organizational levels. By and large, organizational psychology aims to improve people's efficiency and increase organizational effectiveness and performance.

Organizational psychology has a scientific and research agenda as well as practitioner concerns. For example, research in the field seeks to gain a comprehensive knowledge and understanding of the employee factors that may contribute to positive or negative behavior and attitudes at the workplace. Practitioners apply that knowledge to improve employees' behavior and attitude as well as introduce changes in the work environment in view of reinforcing motivation and aligning employees' behavior to enhance organizational effectiveness. One may conclude that the interaction, the mutual collaboration and communication between the scientists and the practitioners, is essential in experimenting and in forming new concepts and ideas to make an impact in and add new knowledge and practices to the field.

Relatively speaking, organizational psychology is a new field; it is considered to be a subdiscipline within psychology often connected and related to industrial psychology. Often, the two go hand in hand, and the acronym *I-O* is frequently used: *I-O* psychology. In the American Psychological Association, a division was created (Division 14) many years ago, and research and practice are shared on an annual basis at conferences. Actually, *organizational psychology* was added to the original term *industrial psychology* in the 1970s.

Other subdisciplines in the connected fields may include *occupational psychology*, *the psychology of work and organizations*, and more specific areas such as *vocational psychology*, *managerial psychology*, and *personnel psychology*. The main differences between these terms reflect basically the individual or the organization's orientations for which the expertise is being emphasized. Bear in mind that industrial psychology concentrates on individual differences oriented toward human resource matters and concerned with maximizing efficiency, safety, and cost-effectiveness, while organizational psychology targets issues of human relations processes, individual attitudes and behavior, and other relevant management practices that contribute to feelings of fulfillment and meaningfulness in the organization. However, it should be noted that although this section focuses on organizational psychology, the two areas do overlap to a great extent, and the borders between them are not always clear: Some topics, such as motivation, leadership, stress, and decision making, are a focal point in both areas. As such, contemporary trends tend to integrate both focuses, and this explains why the acronym *I-O psychology* has become so popular.

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## The Scientific Roots and the Context of Organizational Psychology

The origin and development of organizational psychology are based on two main psychological forces. First, at the end of the 19th century, the interest in investigating the human mind and behavior, and the concept of functionalism, began, where psychologists studied how people's minds adapt to their environments.

The second psychological force took place at the turn of the 20th century with the birth of applied psychology versus basic psychology. The latter refers to scientific study and research that seek to find practical solutions for everyday problems. The main five perspectives of basic psychology— (1) physiological, (2) developmental, (3) personality, (4) social, and (5) cognitive—influenced the emergence of organizational psychology.

Physiological or biological psychology studies how the brain, neurotransmitters, and other biological processes affect how we think, feel, and behave. In the workplace, this perspective may be associated with physiological changes as a reaction to work setting situations such as job stress.

Developmental psychology explores the emotional, physical, and psychological growth of people across their lifespan and at a particular age, ranging from childhood to adulthood, to old age.

Personality psychology focuses on characteristic patterns of thoughts, feelings, and behaviors that make each person unique as well as individual differences. In the workplace context, this discipline acknowledges the influence of personality traits on people's behavior in certain situations.

Social psychology is concerned with how people feel and think about others and behave toward others and how this affects the individual. Research topics include social situations in which attitudes and behaviors such as prejudice or aggression are present, and also prosocial and group interaction and effectiveness.

Cognitive psychology focuses on the internal states of the functional process of thinking and includes issues such as motivation, problem solving, decision making, thinking, and attention.

In addition, organizational psychology is connected to some broad schools of thought in clinical and other subfields of psychology such as behaviorism, Gestalt psychology, and humanistic psychology. For example, the behavioral approach (or behaviorism) was a catalyst for conducting objective research in studying observable behavior and external factors—the study of observable events. Currently, this approach not only stresses the importance of the environment on behavior but also allows for the inclusion of cognitive

processes and feelings. In the workplace setting, this perspective seeks to develop practical applications that include the environmental or situational variables in theories of work behavior.

Although there is no single dominant basic theoretical or psychology paradigm in organizational psychology, there is an eclectic convergence of many other schools of thought and paradigms in psychology in general. This presence of multiple disciplines and perspectives in the applied branch of organizational psychology is a clear demonstration of the complexity of the nature of human beings at work and in organizational settings.

## Organizational Psychology as an Applied Psychology

Organizational psychology is predominantly “problem centered” in the workplace setting. For example, an existing knowledge of and theories on human motivation are essential in explaining and predicting employee behavior. Specifically, organizational psychology is the branch of applied psychology that is concerned with the application of psychological theories and the methods and tools of science to the organizational and workplace setting.

A better understanding of where organizational psychology is today may come from briefly tracing its history and evolution. At the beginning of the 20th century, some engineers advanced the application of scientific methods to enhance organizational efficiency. Celebrated pioneers in management such as Frederick Taylor and Max Weber suggested that concepts such as the job, the task design and method, the fit of the employee to the job, reward based on merit and later on performance, and determination of the most efficient criteria and measurement empirically are critical to productivity and efficiency in any work-related task. This was the first time that science was applied to the workplace.

**[p. 478 ↓ ]** The field of organizational psychology began to take shape in the 1920s and 1930s, mainly with the famous Hawthorne studies and the growth of unionization.

The main implication of the Hawthorne studies under the leadership of the psychologist Elton Mayo and his colleagues was that social and environmental factors (e.g., illumination and work group relationships) affect behavior in the work context. At the same time, the union movement kept growing and indirectly added to the roots of organizational psychology with concepts such as quality of work life, psychological contract between employees and organizations, job security, and stress.

During the two World Wars, psychologists were called on to help address the crucial military concerns of recruitment, selection, placement, evaluation, and appraisal. However, the most significant impact on the growth of organizational psychology occurred during and immediately after World War II. Topics such as diversity in the workplace, women's active participation in and fulfillment of men's positions during the war, and understanding and increasing the safety and efficiency of the human-machine interaction led to the rise of ergonomics. It was also during the World War II period that the human relations approach emerged within the field and emphasized the importance of the psychological characteristics of employees at all organizational levels.

During that time, major study programs investigating the significance of factors such as morale, job satisfaction, values, job attitudes, and the influence of leadership and teamwork were conducted. In this regard, the human relations approach focused on the workplace as a critical and important social system that aims to fulfill human needs above and beyond purely economic considerations. It is important to note that in this period these significant trends were extended beyond the military into the private sectors and became one of the most applied scientific fields in work and organizational environments.

During the 1960s and early 1970s, the social rights trends and the development of theories about employees' behavior brought notable increasing attention to nontraditional topics across countries. This affected the development of organizational psychology in issues related to job stress, work-family balance or conflict, emotion management, and so on. These became topics in the field.

In the 1980s and 1990s, economic and globalization trends brought about demographic changes in the developed countries, and trends in multinational selection (assessment centers), hiring, and employment contracts added new dimensions to organizational



psychology. Moreover, new topics such as the influence of cross-cultural differences on individuals, groups, and organizational processes and dynamics; new forms of diversity at work; flexibility; and new conceptualizations of job and work were added to the agenda.

In the past 30 years (the mid-1980s to the present), the field of organizational psychology has grown very rapidly, and a broad scientific and practices knowledge has accumulated. In addition to the topics mentioned above, issues such as organizational communication, power, citizenship behavior, employee engagement, quality of work life, employee and organizational wellness, conflict management, organizational change, group dynamics and teamwork, and decision making within an organization influence the field and the way in which many organizations operate.

## Current Challenges for Research and Practices

The rapid changes in the organizational environment, and the increased level of complexity and chaos in the workplace and in organizational settings, have brought about new challenges. We witnessed the birth of the technological age (information technology), which has resulted in the transformation of the nature of employee work patterns, such as virtual spaces and job sharing. Globalization, patterns of mobility, and the cyber age have added new concerns such as the work role (“job for life or life for job”), the relationship of power between the employee and the employer, the psychological contract, the balance between home and work, and so on.

## Contemporary Topics in Organizational Psychology

Contemporary trends in research and practices in the field of organizational psychology seek to predict how organizations may be able to attract and retain the best employees and provide greater opportunity for personal development and [p. 479 ↓ ] growth, which

eventually may lead to sustainable increases in employee well-being, satisfaction, and effectiveness.

Other contemporary topics are the functioning of virtual teams, aspects of cross-cultural leadership, emotional intelligence, happiness and passion at work, and a flexible work arrangement, to name a few. These issues will continue to affect the field of organizational psychology.

## Principal Research Methods

The field of organizational psychology relies extensively on both quantitative and qualitative techniques in gathering information on human behavior in the workplace. The application of each of the methods and techniques depends on the nature of the problem at hand and the purpose of the application. A factor that helps differentiate organizational psychology from other fields of psychology is the reliance on the scientist-practitioner orientation—that is, the application of scientific instruments for enhancing decision making and practices in the workplace.

Some of the principal methods used in organizational psychology include the following:

- *Questionnaires/surveys* are used to evaluate an individual's perceptions, beliefs, experiences, attitudes, and values, such as job satisfaction and commitment.
- *Psychometric tests* are applied to assess and measure a person's abilities and traits, such as intelligence and personality.
- *Interviews* are conducted for different purposes, such as selection or career development. Interviews might be structured, semistructured, or unstructured and can be carried out by a single interviewer or multiple interviewers.
- *Psychophysiological assessment* relates to an individual's psychological functioning and involves the measurement of a person's neurological or physiological state.
- *Observation* allows for the examination of an individual's behavior and its consequences in different settings in the workplace. It may be structured or unstructured.

- *Archival sources* provide information and data in the particular context setting.

## Conclusion

Leaders in organizations depend on accurate and reliable information to help them make intelligent decisions for their organizations on issues related to individual behavior and organizational processes, all in view of enhancing effectiveness in a sustainable manner. Organizational psychologists may be instrumental in anticipating important and useful information and providing it to leaders in describing, predicting, and providing relevant knowledge and data.

*Simon L. Dolan and Rachel Gabel-Shemueli*

**See also** Action Research; Human Resource Management and Quality Management

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