

# ORGANIZATIONAL PSYCHOLOGY

MA 204-1

## GENERAL OBJECTIVES OF THE SUBJECT

At the end of the course, students will examine the principles of organizational psychology; apply them within companies; critically reflect emotional behavior within companies *and* their impact on the development of this.

### 1. ORGANIZATIONAL PSYCHOLOGY

- 1.1 Definition of Organizational Psychology
- 1.2 Differences between Psychology and Organizational Psychology
- 1.3 Current Psychological

#### 1.1. Definition Of Organizational Psychology

Psychologists involved in organizational psychology are concerned with the issues of leadership, job satisfaction, employee motivation, organization communication, conflict management, organizational change, and group processes within an organization. Organizational psychologists often conduct surveys of employee attitudes to get ideas about what employees believe are an organization's strengths and weaknesses. Usually serving in the role of a consultant, an organizational psychologist makes recommendations on ways problem areas can be improved. For example, low job satisfaction might be improved by allowing employees to participate in making certain company decisions, and poor communication might be improved by implementing an employee suggestion system.

Professionals in organization development implement organization-wide program designed to improve employee performance. Such programs might include team building, restructuring, and employee empowerment. Organizational Psychology a field that utilizes scientific methodology to better understand the behavior of individuals working in organizational settings. Industrial and organizational psychology (also known as work psychology) which is the scientific study of employees, workplaces, and organizations. Industrial and organizational psychologists contribute to an organization's success by improving the performance, satisfaction, safety, health and well-being of its employees. An I-O psychologist conducts research on employee behaviors and attitudes, and how these can be improved through hiring practices, training programs, feedback, and management systems. I-O psychologists also help organizations transition among periods of change and development. Industrial and organizational psychology is related to organizational behavior and human capital.

The origins of industrial and organization psychology are a relatively new idea. In fact, the notion that the principles of science should be applied to work settings has been around for less than 100 years. Contemporary I/O psychology has its roots in the history of industry, as well as the two world wars, during which eras psychologists were called upon to help address the crucial military concerns of recruitment, selection, and morale. Here we review three important influences on the development of I/O psychology: scientific management, ergonomics, and the human relations approach to management.

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## 1.2. Differences Between Psychology And Organizational Psychology

According to William James an artist, a biologist, and a physician called psychology (from a combination of the Greek psyche, which means “soul” and logos, which means “to study”). Psychology is the scientific study of the mind & behavior. Mind – our private inner experience of perceptions, thoughts, memories, and feelings. Behavior – Observable actions of human beings and nonhuman animals. William James (1842-1910) was excited by the new field discovered of psychology, which allowed him to apply a scientific approach to the age-old questions about the nature of human beings.

**Psychology** is the scientific study of **mind** and **behavior**. The mind refers to our private inner experience, the ever-flowing stream of consciousness that is made of perceptions, thoughts, memories, and feelings. **Behavior** refers to observable actions of human beings and nonhuman animals, the things that we do in the world, by ourselves or with others as you will see in the lesson. Psychology is an attempt to use scientific methods to address fundamental questions about the mind and behavior that have puzzled people for millennia.

- a. What are the bases of perceptions, thoughts, memories, and feelings, or our subjective sense of self? For thousands of years, philosophers tried to understand how the objective, physical world of the body was related to the subjective, psychological world of the mind, and some philosophers even suggested the pineal gland in the brain might function as the magic tunnel between these two worlds. Today, psychologist knows that there is no magic tunnel, and no need for one, because all of our subjective experiences arise from the electrical and chemical activities of our brains. Our mental lives are nothing more or less than “how it feels to be a brain”. (Of course, this is a bit like saying that becoming wealthy involves nothing more or less than making money: It makes something sound simple that isn’t).

Perception allows us to recognize our family and friends, see predators before they see us, and avoid stumbling into oncoming traffic. Language allows us to organize our thoughts and communicate them to others, which enable us to form social groups and cooperate. Memory allows us to avoid solving the same problems over again every time we encounter them and to keep in mind what we are doing and why. Emotions allow us to react quickly to events that have “life or death” significance, and they enable us to form strong social bonds. The list goes on and on, and as far as anyone can tell, there is no psychological equivalent of the body’s appendix; that is, there are no thoroughly useless mental processes that we’d all be better off without. Most of us have wished from time to time that we could be as stoic and unflappable as that; after all, who needs anxiety, sorrow, regret, and angry? The answer is that we all do. Emotions are adaptive because they function as signals that tell us when we are putting ourselves in harm’s way.

Why does the mind occasionally function so ineffectively in the world? The mind is an amazing machine that can do a great many things quickly. We can drive a car while talking to a passenger while recognizing the street address while remembering that name of the song that just came on the radio. But like all machines, the mind often trades accuracy for speed and versatility. This can produce “bugs” in the system, such as when a doughnut-making machine occasionally spews out gobs of gooey mush rather than dozen delicious doughnuts. Our life is just as susceptible to occasional malfunctions in our otherwise-efficient mental

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processing. One of the most fascinating aspects of psychology is that we are all prone to a variety of errors and illusions. Indeed, if thoughts, feelings, and actions were error free, then human behavior would be orderly, predictable, and dull, which it clearly is not. Rather, it is endlessly surprising, and its surprises often derive from our ability to do precisely the wrong thing at the wrong time.

Difference between Organizational Psychology & Psychology is: Psychology is exciting because it addresses fundamental questions about human experience and behavior of mankind whereas industrial and organizational psychology applies the science of psychology to work and the workplace. In I/O psychology, researchers are interested in a broad range of knowledge related to the work environment, including the selection of the right person for a particular job, the influence of attitudes on job performance, and the ways people work together in groups. (Ostroff & Judge, 2007; Thompson & Choi, 2006). Much knowledge is also the subject of psychological research in other areas, such as cognition, personality, motivation, emotion, and social psychology.

- b. Psychology is exciting because it addresses fundamental questions about human experience and behavior of mankind in other areas such as:
  - a. Cognition
  - b. Personality
  - c. Motivation
  - d. Emotion
  - e. Social Psychology

Organizational psychology applies the science of psychology to work and the workplace. The extensively on research, quantitative methods and testing techniques. I/O psychologists acts as scientist when they conduct research and as practitioners when they work with actual organizations.

I/O psychology is unique, however, in that it tests the theories of basic research in the important real-world. I/O psychology relies extensively on research, quantitative methods, and testing techniques. I/O psychologist are not clinical psychologists who happen to be in industry, and they do not conduct therapy for workers. There are psychologists who work for organizations and help employees with such problems as drug and alcohol abuse, but these are counselors rather than I/O psychologists.

A factor that helps differentiate I/O psychology from other branches of psychology is the reliance on the scientist-practitioner model. I/O psychologists acts as scientist when they conduct research and as practitioners when they work with actual organizations. In addition, I/O psychologist acts as scientist-practitioners when they apply research findings so that the work they perform with organizations will be of high quality and enhance an organization's effectiveness.

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## **1.3. Current Psychological**

For centuries, scientists, philosophers and intelligent laymen have been concerned about creating, acquiring, and communicating knowledge and improving the re-utilization of knowledge. However, it is only in the last 15–20 years or so that a distinct field called “knowledge management” (KM) has emerged. KM is based on the premise that, just as human beings are unable to draw on the full potential of their brains, organizations are generally not able to fully utilize the knowledge that they possess.

Through KM, organizations seek to acquire or create potentially useful knowledge and to make it available to those who can use it at a time and place that is appropriate for them to achieve maximum effective usage in order to positively influence organizational performance. It is generally believed that if an organization can increase its effective knowledge utilization by only a small percentage, great benefits will result. Organizational learning (OL) is complementary to KM. An early view of OL was “...encoding inferences from history into routines that guide behavior” (Levitt and March, 1988 , p. 319). So, OL has to do with embedding what has been learned into the fabric of the organization.

## **Current Psychology of Basics Knowledge Management & Organizational Learning**

To understand KM and OL, one must understand knowledge, KM processes and goals and knowledge management systems (KMS). Knowledge is often defined as a “justified personal belief.” There are many taxonomies that specify various kinds of knowledge. The most fundamental distinction is between “tacit” and “explicit” knowledge. Tacit knowledge inhabits the minds of people and is (depending on one’s interpretation of Polanyi’s (1966) definition) either impossible, or difficult, to articulate. Most knowledge is initially tacit in nature; it is laboriously developed over a long period of time through trial and error, and it is underutilized because “the organization does not know what it knows” (O’Dell and Grayson, 1998 , p. 154). Some knowledge is embedded in business processes, activities, and relationships that have been created over time through the implementation of a continuing series of improvements.

## **Knowledge Management and Organizational Learning**

Explicit knowledge exists in the form of words, sentences, documents, organized data, computer programs and in other explicit forms. If one accepts the useful “difficult-to-articulate” concept of tacit knowledge, a fundamental problem of KM is to explicate tacit knowledge and then to make it available for use by others. One can also distinguish among “know what,” “know how” and “know why” levels of knowledge. “Know what,” knowledge specifies what action to take when one is presented with a set of stimuli. For instance, a salesperson who has been trained to know which product is best suited for various situations has a “know-what” level of knowledge. The next higher level of knowledge is “know-how” – i.e., knowing *how* to decide on an appropriate response to a stimulus. Such knowledge is required when the simple programmable relationships between stimuli and responses, which are the essence of “know-what” knowledge, are

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inadequate. This might be the case, for instance, when there is considerable “noise” in symptomatic information so that the direct link between symptoms and a medical diagnosis is uncertain.

“Know how”-type knowledge permits a professional to determine which treatment or action is best, even in the presence of significant noise. The highest level of knowledge is “know-why” knowledge. At this level, an individual has a deep understanding of causal relationships, interactive effects and the uncertainty levels associated with observed stimuli or symptoms. This will usually involve an understanding of underlying theory and/or a range of experience that includes many instances of anomalies, interaction effects, and exceptions to the norms and conventional wisdom of an area.

## **Knowledge Management Processes and Goals**

Knowledge management is the planning, organizing, motivating, and controlling of people, processes and systems in the organization to ensure that its knowledge-related assets are improved and effectively employed. Knowledge-related assets include knowledge in the form of printed documents such as patents and manuals, knowledge stored in electronic repositories such as a “best-practices” database, employees’ knowledge about the best way to do their jobs, knowledge that is held by teams who have been working on focused problems and knowledge that is embedded in the organization’s products, processes and relationships. The processes of KM involve knowledge acquisition, creation, refinement, storage, transfer, sharing, and utilization. The KM function in the organization operates these processes, develops methodologies and systems to support them, and motivates people to participate in them.

The goals of KM are the leveraging and improvement of the organization’s knowledge assets to effectuate better knowledge practices, improved organizational behaviors, better decisions and improved organizational performance. Although individuals certainly can personally perform each of the KM processes, KM is largely an organizational activity that focuses on what managers can do to enable KM’s goals to be achieved, how they can motivate individuals to participate in achieving them and how they can create social processes that will facilitate KM success. Social processes include communities of practice – self-organizing groups of people who share a common interest – and expert networks – networks that are established to allow those with less expertise to contact those with greater expertise. Such social processes are necessary because while knowledge initially exists in the mind of an individual, for KM to be successful, knowledge must usually be transmitted through social groups, teams and networks. Therefore, KM processes are quite people-intensive, and less technology-intensive than most people might believe, although a modern knowledge-enabled enterprise must support KM with appropriate information and communications technology (King, 2008) .

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## **Current Knowledge Management Systems**

Knowledge management systems (KMS) are applications of the organization's computer-based communications and information systems (CIS) to support the various KM processes. They are typically not technologically distinct from the CIS, but involve databases, such as "lessons learned" repositories, and directories and networks, such as those designed to put organizational participants in contact with recognized experts in a variety of topic areas.

A significant difference between many knowledge management systems and the organization's CIS is that the KMS may be less automated in that they may require human activity in their operation. While information systems typically require that humans make choices in the design phase and then operate automatically, KMS sometimes involve human participation in the operation phase. For instance, when a sales database is designed, people must decide on its content and structure; in its operational phase, it works automatically. When a "lessons learned" knowledge repository is created, people must make all of the same design choices, but they must also participate in its operational phase since each knowledge unit that is submitted for inclusion is unique and must be assessed for its relevance and important.

## **Organizational Learning**

There are various ways to conceptualize the relationship between knowledge management and organizational learning. Easterby-Smith and Lyles (2003) consider OL to focus on the process, and KM to focus on the content, of the knowledge that an organization acquires, creates, processes and eventually uses. Another way to conceptualize the relationship between the two areas is to view OL as the goal of KM. By motivating the creation, dissemination and application of knowledge, KM initiatives pay off by helping the organization embed knowledge into organizational processes so that it can continuously improve its practices and behaviors and pursue the achievement of its goals. From this perspective, organizational learning is one of the important ways in which the organization can sustainably improve its utilization of knowledge.

In (1994) Dixon, in describing an "organizational learning cycle," suggested that "accumulated knowledge... is of less significance than the processes needed to continuously revise or create knowledge". These processes are closely related to the notion of "continuous improvement" through which an organization continuously identifies, implements and institutionalizes improvements. The improvements are embedded in the organization through routines *Knowledge Management and Organizational Learning* that may be written policies, prescribed machine settings, quality control limits or "best practices" for dealing with frequently occurring circumstances.

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## Knowledge Management in Organizations

Figure 1 below shows KM processes directly improve organizational processes, such as innovation, collaborative decision-making, and individual and collective learning. These improved organizational processes produce intermediate outcomes such as better decisions, organizational behaviors, products, services and relationships. These, in turn, lead to improved organizational performance.

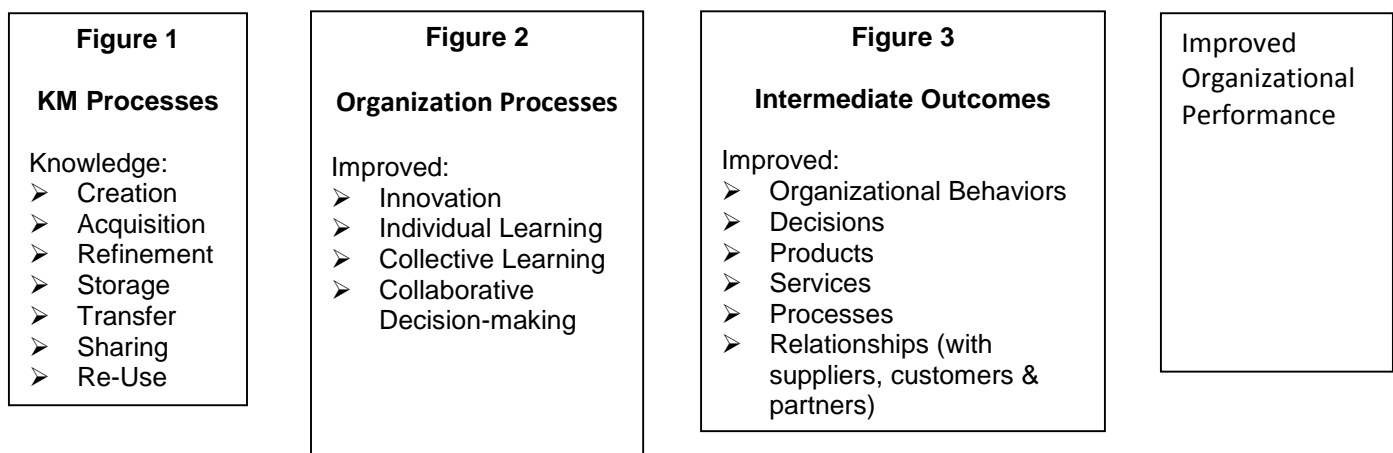
## The Knowledge Management Processes Cycle

Figure 2 is a process cycle model of KM. Such cycle models provide a useful way to organize one's thinking about KM processes. There have been numerous KM processes cycle models that describe the relationships of the key processes of KM, ranging from Davenport and Prusak's (2000) 3-stage model ("Generate, Codify/Coordinate, Transfer") to Ward and Aurum's (2004) 7-stage ("Create, Acquire, Identify, Adapt, Organize, Distribute, Apply").

The process cycle model of Fig. 2 is particularly valuable in that it uses the generally accepted terminology of KM and makes use of alternative paths in order to make important distinctions. The various activities listed as bullet-points under some of the major phases are meant to be illustrative and not necessarily definitional.

The model of Fig. 2 shows that the initiation of the KM cycle involves either the creation or the acquisition of knowledge by an organization. Knowledge creation involves developing new knowledge or replacing existing knowledge with new content (Nonaka, 1994). The focus of this is usually on knowledge creation inside the boundary of the firm or in conjunction with partners.

The four bullet points under "Creation" refer to Nonaka's (1994) four modes of knowledge creation – socialization (the conversion of tacit knowledge to new tacit knowledge through social interactions and shared experiences), combination (creating new explicit knowledge by merging,



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categorizing, and synthesizing existing explicit knowledge), externalization (converting tacit knowledge to new explicit knowledge) and internalization (the creation of new tacit knowledge from explicit knowledge). Illustrative of these four modes respectively are apprenticeships, literature survey reports, “lessons learned” repositories and individual or group learning through discussions. In contrast to knowledge creation, knowledge acquisition involves the search for, recognition of, and assimilation of potentially valuable knowledge, often from outside the organization (Huber, 1991) .

The bullet points under “Acquisition” illustrate some processes for acquiring knowledge from external sources – searching (as on the Internet) (Menon and Pfeffer, 2003) , sourcing (selecting the source to use) (King and Lekse, 2006) and grafting (adding an

individual who possesses desired knowledge to the organization) (Huber, 1991) . After new knowledge is created or acquired, KM mechanisms should be in place to prepare it to be entered into the organization’s memory in a manner that maximizes its impact and long term reusability. Knowledge refinement refers to the processes and mechanisms that are used to select, filter, purify and optimize knowledge for inclusion in various storage media. Under “Refinement” in the figure, the bullet points suggest that tacit, or implicit, knowledge must be explicated, codified, organized into an appropriate format and evaluated according to a set of criteria for inclusion into the organization’s formal memory. Of course, explicit knowledge needs only to be formatted, evaluated, and selected. Of the various steps that are involved in doing so, “culling” refers to identifying the most significant exemplars in an emerging collection; “organizing” refers to identifying recurrent themes and linking individual knowledge items to the themes and “distilling” is creating a synopsis or set of pointers) .

Organizational memory includes knowledge stored in the minds of organizational participants, that held in electronic repositories, that which has been acquired and retained by groups or teams and that which is embedded in the business’s processes, products or services and its relationships with customers, partners and suppliers(Cross and Baird, 2000) . As shown in the figure, in order for knowledge to have wide organizational impact, it usually must be either transferred or shared. Transfer and sharing may be conceptualized as two ends of a continuum. Transfer involves the focused and purposeful communication of knowledge from a sender to a known receiver (King, 2006a) . Sharing is less-focused dissemination, such as through a repository, to people who are often unknown to the contributor (King, 2006b).

Many of the points on the hypothetical continuum involve some combination of the two processes and both processes may involve individuals, groups or organizations as either senders or receivers, or both. Once knowledge is transferred to, or shared with, others, it may be utilized through elaboration (the development of different interpretations), infusion (the identification of underlying issues), and thoroughness (the development of multiple understandings by different individuals or groups) (King and Ko, 2001) in order to be helpful in facilitating innovation, collective learning, individual learning, and/or collaborative problem solving (King, 2005) . It may also be embedded in



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the practices, systems, products and relationships of the organization through the creation of knowledge-intensive organizational capabilities (Levitt and March, 1988).

## **KM Strategies**

Most organizations focus primarily on one or the other of two broadly defined KM strategies –“codification” or “personalization” (Hansen et al., 1999) .Codification, is primarily implemented in the form of electronic document systems that codify and store knowledge and permit its easy dissemination and re-use. This strategy is based on “re-use economics” – invest once in creating or acquiring a knowledge asset and re-use it many times. Personalization, on the other hand, focuses on developing networks to facilitate people-to people knowledge transfer and sharing. It is based on “expert economics” – channeling individual expertise to others with less expertise who may employ it to further the organization’s goals. Earl (2001) has described various KM strategies, or “schools of thought” at a more detailed level. He developed these empirically through observation in numerous companies. They are listed below in groups that emphasize their reliance on either the codification or a personalization approach.

### **Codification Sub-Strategies – Earl’s codification-oriented sub-strategies are:**

1. Systems (creating and refining knowledge repositories and on motivating people to provide content)
2. Process (developing and using repeatable processes that are supported with knowledge from previously conducted processes).
3. Commercial (the management of intellectual property such as patents, trademarks, etc.)
4. Strategic (the development of “knowledge capabilities” that can form the foundation of competitive strategy)

### **Personalization Sub-Strategies–Earl’s personalization-oriented sub-strategies are:**

1. Cartographic (creating knowledge “maps” or directories and networks to connect people)
2. Organizational (providing groupware and intranets to facilitate communities of practice)
3. Social (spatial) (socialization as a means of knowledge creation and exchange; emphasizes the providing of physical “places” to facilitate discussions) While some organizations focus on only one of these strategies or sub-strategies, many use a combination of strategies that suits their needs.

The resolution of these issues represents a forecast of how KM will be different in the future. The top 10 issues were:

- How to use KM to provide strategic advantage?
- How to obtain top management support for KM?
- How to maintain the currency of organizational knowledge?
- How to motivate individuals to contribute their knowledge to a KM system?
- How to identify the organizational knowledge that should be captured in KM systems?

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- How to assess the financial costs and benefits of KM?
- How best to design and develop a KM system?
- How to sustain progress in the organization
- How to verify the efficacy, legitimacy, and relevance of knowledge contributed to a KM system?
- How to ensure knowledge security If all, or most, of these issues are resolved as KM matures, the future of KM will be largely determined by the manners in which they are resolved.

## **Conclusion of Current**

Current psychology knowledge management is a set of relatively new organizational activities that are aimed at improving knowledge, knowledge-related practices, organizational behaviors and decisions and organizational performance. KM focuses on knowledge processes – knowledge creation, acquisition, refinement, storage, transfer, sharing and utilization. These processes support organizational processes involving innovation, individual learning, collective learning and collaborative decision making. The “intermediate outcomes” of KM are improved organizational behaviors, decisions, products, services, processes and relationships that enable the organization to improve its overall performance.