

NEW ESSENTIAL PSYCHOLOGY

APPLYING PSYCHOLOGY IN ORGANIZATIONS

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Contents

1	Scope and definition of organizational psychology	1
2	The individual and the organization	13
3	The organization and the individual	27
4	Organizational processes and structure	45
5	Thought and action in organizational psychology	68
6	Approaches to organizational change	83
7	The quality of working life	104
8	Problems and perspectives in organizational psychology	124
	Suggestions for further reading	136
	References and name index	139
	Subject index	147

1

Scope and definition of organizational psychology

It is well known that when you do anything, unless you understand its theory, its circumstances, its nature, and its relations to other things, you will not know the laws governing it, or know how to do it; you will not know when or where to put it into practice or be able to do it well. (Mao Tse-Tung, 1937)

This book is about organizations and what psychology has to offer to our understanding of them. In terms of the history of human thought, psychology is still a young subject and the sphere of organizational psychology is younger still, the first texts bearing the title not appearing until the 1960s. Although human society has always comprised organized units such as tribal and religious communities, villages and city states, until this century these were generally small and local. As Thompson (1973) points out, industrial firms usually began as local or regional firms, armies were formed from locally recruited, locally organized and locally led units, and hospitals and schools originated as local institutions. Of the many changes which have taken place in the last eighty years, one of the most profound is the growth and development of

organizations on a scale and complexity which impinge on all aspects of life. Not only are most of us born in an organizational setting and are likely to die in one, but we are educated in organizations, work in them, and depend on them for a host of goods and services such as food supplies, water, heating, lighting, transport and entertainment, which we are apt to take for granted unless there is a breakdown due to technical failure, industrial unrest or political upheaval. At such times, our interdependence on national and cross-national organizations becomes immediately apparent, as does the limited ability of individuals *per se* to alter the situation. It is not surprising, therefore, that behaviour in organizations has become a field of study in its own right, reflecting an increasing awareness that understanding of the nature of organizations, and of the resulting interactions between people operating in different environments, is fundamental to policy-making of all kinds. Furthermore, within this context it is now recognized that effective social regulation depends on the reconciliation of divergent and conflicting interests.

What are organizations?

Although they are so all-pervasive, organizations are not easily defined. Indeed, it has been suggested that it is more helpful to cite specific examples than to try and define the term. Proponents of this approach would point to a familiar chain-store, manufacturing company, hospital or local authority and tell us that 'these are organizations' so that, just as children learn concepts through constant naming of examples, we should understand their meaning by demonstration. Others, such as Bell (1967), have used a similar technique, asking people to compare a social gathering like a cocktail party with a work department of an industrial enterprise in order to discover the distinguishing features of an organization. This is a good way to stimulate thought and discussion, but it does not obviate the need for a formal definition. For our purposes, a convenient one with which to start is the working definition given by Schein (1980) and reproduced from the earlier editions of his text-book on organizational psychology:

An organization is the rational co-ordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and func-

tion, and through a hierarchy of authority and responsibility. (Schein, 1980, p. 15)

This definition embodies much of the traditional view of organizations. It refers specifically to those which are formally established for a given purpose, in which the co-ordination of people's activities is consciously directed and planned. It does not refer to social units, such as families and friendship groups, which emerge spontaneously from social interaction. The focus is the larger, complex groupings deliberately set up to accomplish a specific task which, by implication, is beyond the scope of both individuals and small groups. As Thompson puts it, 'we joined in the particular configurations called complex organizations because we believed it was to our advantage to do so – that our resources could be mobilised and allocated more effectively through such organization than otherwise' (Thompson, 1973, p. 328). In other words, organizations are purposive, human creations.

The patterned activities which are co-ordinated and integrated in an organization are repeated, relatively enduring, and bounded in space and time. If one visits a school, a bank, a job centre today and again tomorrow, next week and next month, one will find the same cycle of activities occurring, although the personnel concerned may not be identical. The pattern of the cycle is likely to alter over time and an important aspect of the study of organizations is to discover how and why this occurs, but a significant feature of organizations is their constancy under conditions of changing individual membership. Therefore, an organization may be described in terms of the standardized forms of behaviour associated with each task or function, that is in terms of 'roles' which must be fulfilled in order to achieve the organizational objectives. Provided that the functional requirements of these roles are met it does not matter who fulfils them, at least in principle, although in practice it may make a lot of difference to the quality of performance. The patient seeking treatment for toothache is well aware of the difference between a brusque and considerate dentist, although the function performed by each is the same. In an organization, the extent to which the occupant of a given role can change or shape it is usually limited; one of the objects of a clear job description is to ensure that, if one person leaves and is replaced by another, the newcomer will perform

the same activities as the individual previously occupying that role.

There is a large body of literature on organizations which adopts the perspective outlined above – that is, which sees organizations in terms of formal, rational, planned activities to achieve specific objectives. However, such a view is more characteristic of writers in other disciplines than psychologists. The latter have been more concerned with the needs which people seek to satisfy in and through organizations and with the ‘informal organization’, that is the social relations and interactions which occur over and above those required by the formally prescribed roles. The emphasis, in this context, is usually on the characteristics and behaviour of individuals and small groups in organizations, rather than on the nature and structure of organizations *per se*.

Organizations as open systems

In the last decades, increasing attention has been paid to the relationship between organizations and their environments as the result of the impact of ‘systems thinking’ (Emery, 1969). This maintains that human organizations are living systems and should be analysed accordingly as ‘open systems’, that is as open to matter-energy exchanges with an environment. The starting point of this approach, therefore, is the identification and mapping of the repeated cycles of input, transformation, output and renewed input which comprise the organizational pattern. A manufacturing firm, for example, takes in people and raw materials in order to turn out a product which it sells, and the monetary return is used to obtain more labour and materials and maintain the plant so that the whole cycle of activities can be perpetuated. Similarly, a university or college, in the words of Miller and Rice,

imports students, teaches them and provides them with opportunities to learn; it exports ex-students who have either acquired some qualification or failed. The proportion that qualifies and the standard the individuals are perceived to have attained determine the extent to which the environment provides students and resources to maintain the enterprise. (Miller and Rice, 1967, p. 3)

In yet other organizations, such as voluntary societies – Katz and Kahn (1978) cite the example of an ornithological society – the activities provided for members can be sufficiently rewarding in themselves to re-energize and ensure their continuation. Thus, organizations differ considerably in their source of energy renewal, with most utilizing internal and external sources to a varying degree, although large-scale organizations, in particular, are very dependent on their external environment. For example, the over-capacity for steel-making throughout the world has led to difficulties for steel manufacturers in many countries. In Britain, public sector organizations such as hospitals in the National Health Service, are subject to financial pressures when central government seeks to reduce public expenditure.

One of the consequences of the open systems perspective is that it is basically concerned with problems of relationship and of interdependence, rather than with the constant properties of elements. It focuses attention on a number of complex issues, such as the boundaries of systems, where one ends and the next begins, and who and what belong to which system. Within this approach, the emphasis is on multi-causality and temporal, as well as spatial, relationships and interactions. Organizations, in this sense, may be conceived as structures of events rather than of physical objects, a useful antidote to the tendency to reify them, that is to regard them as beings with a mind and a will of their own. It does not mean, however, that organizations have no physical entity. As Ackoff (1969) observes, whether or not an entity with parts is considered as a system depends on whether or not we are concerned with the behaviour of the parts and their interactions. We may also note that, experientially, members of organizations often feel that 'the company', 'the university' or whatever, is a single entity, separate from and over against them, although cognitively they know perfectly well that they are parts of that entity.

An open systems view of organizations is not confined to psychologists and is seen by some as leading to multi-disciplinary convergence. Katz and Kahn (1978), who are strong advocates of this approach, maintain 'that social psychological principles can be applied to all forms of collective organised effort is now acknowledged in many disciplines'. Nicholson and Wall (1982) go further and argue that organizational psychologists themselves are showing an increasing eclecticism and 'healthy disregard' for disciplinary boundaries.

However, just as Katz and Kahn warn, although an organization lives by being open to its environment, this does not mean *complete* openness or the organization would cease to exist (because it would be undifferentiated from its surroundings), so it is important that what is distinctively psychological in the increasingly eclectic area of organizational behaviour is recognized and distinguishable from other disciplinary approaches. Concentration on multi-disciplinary convergence, valuable though this is, may obscure from psychology students the breadth and diversity of psychological contributions to the field. Some idea of the extent of these is given by Dunnette's (1976) *Handbook of Industrial and Organizational Psychology*, a large volume of 1740 pages dealing with 37 topics, the author noting in his preface four more areas of potential concern which he has not included!

From industrial to organizational psychology

The title of Dunnette's handbook and the adoption, in 1973, of the name 'Division of Industrial and Organizational Psychology' by Division 14 of the American Psychological Association (instead of the Division of Industrial Psychology as formerly) indicate that the subject as we know it today emerged from the sub-discipline of industrial psychology. There is a great deal of conventional wisdom, not to say folk-lore, about early industrial psychology and the influences on its development which derive largely from highly condensed historical accounts in many text-books. These inevitably distort by over-simplification and we do not propose to add to their number here. Instead, we shall illustrate the transition from 'industrial' to 'organizational' psychology as it occurred in Britain, noting the somewhat different course of developments in the USA. In both countries, however, the impact of problems and applications in the two world wars was considerable.

It was the adverse effects of the extremely long hours worked by munition workers in Britain during the First World War which led to a series of important psychological studies in industry. Lupton (1966) describes these as the first researches of any consequence into problems of large-scale industrial organizations. Attempts to meet the troops' ever-increasing demand for munitions by extending the hours worked, such that 90 hours a week was common and 100 hours not unknown, resulted in decreased output and increasing rates of absence from sickness and other causes. As a

result, the Health of Munition Workers' Committee was set up in 1915, 'To consider and advise on questions of industrial fatigue, hours of labour, and other matters affecting the personal health and efficiency of workers in munition factories and workshops'.

The committee's reports are difficult to obtain and are not described in detail in most of the standard texts, although its work is widely recognized as a landmark contribution in the development of industrial psychology. This was continued after the war by the Industrial Fatigue (later Health) Research Board and, at about the same time, an independent, non-profit making organization, the National Institute of Industrial Psychology (NIIP), was established by C.S. Myers, perhaps the most eminent of the founding fathers of British psychology, to promote 'the study of the human side of labour' and to put the results of such studies into practice.

Some idea of how these early investigators viewed their work, their background and experiences can be gained from the series of autobiographical articles published in *Occupational Psychology*, a journal published by the NIIP, during 1948-50. These show clearly the sense of pioneering which suffused their contributors' work and the challenge presented by industrial psychology. For example, H.M. Vernon (1948), who demonstrated by the output data he collected the advantages of reducing the long hours in the munition factories, reveals that he himself spent two months as a munition worker earlier in the war and that 'it altered the whole course of my life'. He notes, in particular, the lack of consideration shown by management to the workers. When invited to be the first investigator for the Industrial Fatigue Research Board he reports 'I had no hesitation in accepting the invitation. I never regretted my decision for I considered that industry offered an immense but largely neglected field for useful research', even though it meant relinquishing his Oxford academic appointments, which his friends thought very foolish. Dr Vernon also records his disappointment that, in the earlier stages of the Second World War, some of the chief lessons learnt during the First World War about hours of work were almost ignored.

The same point is made by Wyatt (1950) who, in outlining the course of 'a long and interesting series of adventures in the unexplored field of industrial psychology', comments that

Our work during the war was, on the whole, scrappy and disappointing. After the fall of Dunkirk the emphasis was on

output regardless of the wear and tear on workers and machines. Almost all the findings of the previous twenty years were completely ignored and for a time the hours of work in many factories were from 70 to 80 per week. Workers throughout the country were urged and inspired to make good the material losses incurred as a result of the collapse of France and there was an immediate and substantial rise in weekly output. The vigorous spirit at the beginning of the long race for output soon began to wane and it did more harm than good. . . . It was a valiant but misguided effort and the effects were noticeable long after the hours of work had been reduced. (Wyatt, 1950, p. 72)

This illustrates a fundamental problem in applying psychology in organizations, namely the extent to which psychological knowledge is acceptable as a basis for action by policy makers and managers when it runs counter to 'common-sense', 'natural' assumptions or short-term expediency. It also shows the impact of environmental factors on behaviour in organizations and the reciprocal effects of external and internal influences.

Other contributions by British psychologists in the First World War included the development and application of psychological tests for specific tasks such as those devised by C.S. Myers in selecting men to use the hydrophone to detect enemy submarines. But it was in the USA that psychological testing for vocational purposes took place on a mass scale. As Dunnette and Borman (1979) record, the modern era of personnel selection dates from 1917 when the USA declared war on Germany. American Psychological Association psychologists were urged to give professional assistance to the war effort and, shortly afterwards, two groups of army psychologists were formed. Within less than two years well over one million men were tested. In addition, job specifications were written, job knowledge (trade tests) invented, officer-rating forms devised and counselling programmes mounted.

These two traditions in industrial psychology, of investigations into hours and conditions of work, on the one hand, and of selection and vocational guidance, on the other, were maintained in Britain in the inter-war period under the auspices of the Industrial Health Research Board and the National Institute of Industrial Psychology respectively. Both extended their areas of study later to include attitude surveys. The same period also saw

fundamental work in the universities relating to applied problems, notably at Cambridge on man-machine relationships. A common thread in all these developments was a concern with efficiency, associated with the belief that commercial success and occupational health rested on deploying human resources most effectively, a formulation often expressed in Britain as 'fitting the man to the job – fitting the job to the man' (fmj-fjm).

Meanwhile, the well-known 'Hawthorne studies' were carried out at the Hawthorne works of the General Electric Company in Chicago in the late 1920s and early 1930s. Beginning as investigations of the effects of different intensities of illumination on output (i.e. classic industrial psychology experiments), these had unexpected results which focused attention on workers' responses to the studies themselves and to the nature of industrial work groups. Their influence on subsequent industrial social psychology, and on managerial thought and practice represented by the 'human relations' movement has been tremendous and we shall return to these topics later. Here, we simply wish to note that the Hawthorne investigations are probably the most widely cited and least read in their entirety of all studies in this field. Partial accounts abound and, latterly, some severe criticisms have been made of this work which, to be properly understood, need to be compared with what the original investigators did and said (Roethlisberger and Dickson, 1939).

These studies are of major importance because, whatever their limitations, they led to a changed view of people at work. It is difficult to realize now how revolutionary were the findings that workers have their own perceptions and interpretations of events, norms of conduct and performance and ways of sanctioning their co-workers – that they are sentient beings and not mere 'cogs in a machine'. That this now seems self-evident is a measure of the change in outlook since the 1920s, a change which has not necessarily entailed concomitant changes in work structures.

The contributions of British psychologists to the problems of selection, training and design of jobs in the Second World War, and to the associated problems of, first, adjustment to service life and, later, civil re-settlement, foreshadowed a number of post-war developments. As a result of the group procedures for officer selection used by the War Office Selection Boards, a situational approach to leadership was adopted by large companies after the war in selecting management trainees. The Civil Service

Selection Board likewise operated on these lines. Analysis of complex skills and the design of equipment and information displays in aircraft cockpits to minimize pilot error laid the foundations of ergonomics and the application of this approach to industrial problems. A direct consequence of the war, as Eunice Belbin (1979) pointed out in her 1978 Myers lecture to the British Psychological Society, was that psychology students in the immediate post-war years were taught by academics with a great fund of experience in the application of psychology. To her and her contemporaries at Cambridge at the time, 'That psychology was applicable to the wide range of problems that surrounded us in the outside world, was something we never had occasion to doubt'. Twenty years later this view was to be found in business schools rather than in university departments of psychology. Tizard's theme in his presidential address to the British Psychological Society in 1976 was the failure, as he saw it, of academic psychologists to address themselves to the problems of everyday life.

An important development for organizational psychology was the establishment after the war of the Tavistock Institute of Human Relations as a sister institute to the Tavistock Clinic (a voluntary out-patient clinic for psychotherapy founded in 1920). Much of the wartime work on selection, service training, the civil re-settlement of repatriated prisoners-of-war and the development of therapeutic communities for those who had suffered breakdown had involved staff from the Tavistock Clinic, who constituted a multi-disciplinary group of psychiatrists, psychologists, sociologists and anthropologists. This group felt that the combined approach to practical problems developed during the war was equally applicable to peacetime issues and that they were responsible for some major innovations in organizational research.

Key elements of the Institute's research approach were that it was problem-centred and entailed a professional responsibility to the 'client' organization. Action research, as it is usually called, is based on quite a different model of research from that of conventional applied research. Instead of the expert who works with scientific detachment and reports the results for action by others, the researcher and client engage in a joint commitment and share responsibility for the outcome and application of the research findings. It is an approach which transcends disciplinary bound-

aries, but which also places psychologists and social scientists in situations of role ambiguity, power struggles, negotiation, differing values and expectations. Such problems of professional practice are not well documented and are relatively little discussed. For a graphic account of the experiences of a social scientist in British industry see Klein (1976) and, for a transatlantic perspective, the report of the American Psychological Association's Task Force on the Practice of Psychology in Industry (1971).

Many industrial psychologists in the post-war years continued to assume a 'technical service' role, seeking to employ the methods of their discipline to find a technical solution to problems presented to them by their clients or employer. In the 1960s, as new organizational problems associated with growth and changing employee expectations came to the fore, they began to feel that an over-concentration on traditional concerns (e.g. selection and training) and an exclusive reliance on traditional methodologies (based on experimentation or on social survey techniques) were somewhat limiting. There was increased awareness of the need to extend their focus, not only from the individual to the small group but also to the organization and the wider environment and, in so doing, to take account of the concepts and approaches of other disciplines.

Even so, the search for a more meaningful and more socially relevant orientation to meet the challenges of the latter part of the century has been a difficult process. Confronted with problems outside their traditional areas of expertise for which there are no straightforward technical solutions, such as structural unemployment, pollution, the training needs of developing countries, to name but a few, industrial and organizational psychologists have been uncertain as to which direction to take. Some have retreated into academic ivory towers, less secure now than formerly, while others have become immersed in multi-disciplinary, organizational studies. It has been suggested that what is needed to prepare us for the future is learning to cope with transience, that is with the accelerating changes that are occurring throughout society as a result of social, political, economic and technological upheavals and developments. For individuals, groups and organizations these mean that instability and impermanence are characteristic features of their environments with which they must cope and to which they must adapt successfully. This is recognizable as a psychological problem, albeit an extremely challenging one,

and it is in this context that the following chapters should be read.

In a short text, it is difficult to cover what is now an enormous subject, as Dunnette's (1976) massive handbook indicates. We focus, therefore, on some key issues that have attracted particular attention from psychologists and seek to show, with examples from British research, how organizational psychology has developed and is continuing to develop. Chapters 2 and 3 deal with the relation between individuals and organizations, first in terms of what individuals expect from organizations, especially those which employ them, and then from the perspective of the ways in which organizations seek to attract, engage and utilize people in achieving organizational objectives. These chapters and chapter 4, which is concerned with the social processes that occur in organizations and related issues of structure, are rooted in the more traditional, psychological approaches to the study of individuals and groups, but draw also on sociological contributions, where appropriate.

In chapter 5 we turn, more specifically, to organizational psychology in theory and practice showing how, like other areas of applied psychology, it is not immune from a divergence of outlook between scientists and practitioners. Chapters 6 and 7 are concerned with applications made in the last twenty years which have not only increased our understanding of behaviour in organizations but also led to the maturing and greater sophistication of organizational psychology as a discipline. Finally, in chapter 8, we review current developments and identify a number of issues of social concern to which psychology can be expected to make a significant contribution in the future.

2

The individual and the organization

No matter what you have to do with an organization – whether you are going to study it, work in it, consult for it, subvert it or use it in the interest of another organization – you must have some view of the nature of the beast with which you are dealing. (Perrow, 1970, p. 1)

Individual perspectives

The above statement applies to everyone, whether or not a person's involvement with an organization is active, as the quotation suggests, or passive in the sense that it occurs at the discretion of others and/or because it is a legal requirement as, for example, with army conscripts. Most of the literature on organizational membership assumes that it is a matter of choice. This means that far more research has been done on people's expectations of, and responses to, the organizations they join as adults, particularly those in which they seek or obtain employment, than on antecedent learning about organizations in childhood and adolescence. But it is as institutions which provide goods and services (schools, hospitals, shops, bus companies, etc.) and control behaviour