Introduction to Organizations and Systems

CHAPTER OVERVIEW

This chapter identifies some of the forces that shape the nature of work and organizations in the 21st century. We consider the psychological importance of work for the individual, family, and society and reflect on some consequences of unemployment. When studying organizations, systems thinking is a useful form of planning and problem solving that considers interdependence shared within and between organizations, the short-term and long-term consequences of individual and organizational actions, and the influences of society and the environment upon organizations. Because every organization is a system, no matter where you are working in the world, knowledge of systems thinking is an asset.
Changes in the global population as well as the demographics of that population afford better recruitment and retention of a diversified workforce reflective of the demographics of customers or clients. A brief overview of the history of industrial/organizational psychology promotes understanding of previous organizational actions and manipulations, as well as appreciation for suggestions about future treatment within and between organizations.

**LEARNING OBJECTIVES**

When you have finished reading this chapter, you will be prepared to do the following:

- Identify the importance of work in the 21st century for individuals, families, and society
- Describe organizations as systems and identify the core tendencies of social systems as they apply to organizations
- Define systems thinking and indicate the advantages this type of problem solving affords analytical thinking and the study of organizations
Define a global organization and explain why it is critical to study these organizations
Discuss the history of industrial/organizational psychology and specify some of the important topics being studied by I/O psychologists

WORK AND SYSTEMS IN THE 21ST CENTURY
Why study organizations? There are several reasons. First, organizations are a necessary and universal aspect of a person’s life. No matter what type of work history you have experienced, you have learned and developed confidence while fulfilling goals through coordinated efforts with other individuals in school, the workplace, sports teams, fan clubs, and volunteer organizations. These varied organizational experiences can enrich your life and lead you to a rewarding career as you learn more about yourself and organizations. Second, as you are likely to soon embark on post-collegiate professional life, you may gain insight
from looking back on these varied organizational experiences, and armed with this knowledge, you can select organizations offering multiple career development opportunities.

Third, life in this exciting, dynamic, and fast-changing era alters the operations of organizations and the way work is done in the 21st century. As more and more countries achieve access to the global marketplace, competition is on the rise at the organizational and individual levels—“with everyone, everywhere, and for everything” (Sirkin, Hemerling, & Bhattacharya, 2008). These forces add complexity and challenge to finding balance in work and personal life.

Work Matters

Work plays a central role in people’s lives. When properly managed, work is important and essential for sound psychological health. For example, when people lose their jobs, they are at much greater risk for widespread disintegration in their overall quality of life, with corresponding uptakes in drug abuse, criminal activity, and violence. When individuals are fired, laid off, or riffed (the common term for a “reduction in force”; sometimes you will hear other jargon, such as downsizing or right-sizing, to describe layoffs), they often struggle with mental health problems, including lowered self-esteem, relational conflicts, substance abuse, and alcoholism (Blustein, 2008; De Meuse, Marks, & Dai, 2011; Rousseau, 2011). In addition, as Fouad and Bynner (2008) point out, work transitions of any kind are likely to be stressful and pose psychological challenges. This may be the case if you are a young person going from school to work, or if you are transitioning to different work, or from work to non-work, even by choice (staying at home with children or retiring).

People spend at least a third to a half of their lives working in organizations, which are embedded in an ever-changing world driven by economic, political, and technological forces (Erez, 2011; U.S. Department of Labor, 2009). Historically, individuals interacted most closely with others in their same community, but no more! Communication networks make individuals increasingly connected to each other so that we become more a part of, rather than apart from, the global system of human affairs. The interconnectedness of individuals and the convergence of people from diverse cultures and different parts of the globe in organizations are major hallmarks of work and organizations in the 21st century. A sense of being part of a bigger and more connected whole is intensified by the relentless changes brought about by information technology and the creation of virtual organizations that often pull together people across the globe.

In addition to these kinds of changes, the worldwide population continues to increase and is projected to reach nine billion by 2050, with a growing proportion of the population under 25 years of age, especially in the newly advanced BRIC countries—Brazil, Russia, India, and China. On the other hand, the so-called rich countries and regions—such as Canada, Japan, United States, and Western Europe—have populations that are comparatively older, coupled with slower population growth (Erez, 2011).
Organizations as systems

Systems are everywhere. They are found in the physical, biological, and social worlds. Examples include the braking system in a car, the nervous system in the human body, and a customer relations department in an organization. Katz and Kahn (1978), in their classic book *The Social Psychology of Organizations*, advocate for thinking about organizations as systems, social systems that are alive, organic, dynamic, and complex. As systems, organizations make choices—for example, to expand business or hold steady for another year. The systems perspective was introduced by Ludwig von Bertalanffy (1956, 1968), who proposed that all systems—physical, biological, or social—have predictable tendencies or behaviors:

1. **Open/closed exchange**: high or low attention and responsiveness to information about the system that is internal or external to the system
2. **Interdependence**: members (subsystems) of the system influence each other simultaneously, and each part is affected by the actions of the other parts
3. **Homeostasis**: participation in maintaining system stability; parts of the system adjust their communications and other behaviors to achieve or retain equilibrium
4. **Nonsummativity**: the whole system equals more (is greater than) the sum of its parts

Meadows and Wright (2008) proposed a slightly different emphasis. They defined *system* as an organized collection of parts or subsystems that are integrated to accomplish an overall goal. An organization of even modest size is composed of many units or departments, such as personnel and payroll, customer service, or billing and shipping, and each of these units is a system. If one part of the system is changed, the overall system is likely to be influenced through the network of relationships between parts. For example, when a new employee is hired, her presence is likely to change the systems within the organization, especially within her own department. And if the marketing department doesn’t effectively promote the organizational product or service, sales may tumble and employees will be laid off. In short, systems exist at many different levels in an organization, and the performance of one system influences the performance of the other systems.

To maintain the health of organizations of every kind, they must be receptive to fresh perspectives as exposure to negative entropy (the dissenting voice) builds resilience. Every system is dependent on a periodic infusion of opposing forces (*negative entropy*) to secure a reservoir of energy for future use (Flood, 1999; Meadows & Wright, 2008). Balancing the opposing forces that compose it are what makes the system possible. For example, a successful retail industry makes regular investments in the production of their products because they know that to make money (reap profit), it is important to spend money (make the product enticing to customers). This is an example of systems thinking. In a sagging economy, the retail industry must decide how best to remain solvent (alive)—is it wiser to be conservative and *cut costs* through a reduction in the
workforce, or is it better to take risks, such as converting to online marketing, with the prospect of growing revenue by increasing the customer base? The industry will probably make this decision—shrink or expand—by consulting trusted members of the industry, by collecting data about conditions within the organizational walls (e.g., determining the human and financial capital available for expansion), and by assessing conditions outside the organizational walls (e.g., looking for signs of near-future economic growth or high product or service demand across regional, national, and international target demographic markets). Thus, diverse perspectives enrich an organization’s pool of knowledge for information processing, which—when well managed—generates an electric, creative atmosphere that energizes and enhances group performance (Mannix & Neale, 2005; Zhou & Shalley, 2011).

Systems Thinking

According to systems thinking, the actions of organizations can be understood only when observed within the context in which these actions were generated. Systems thinking enriches and enlightens problem solving by tracing the origins (and perpetuation) of a problem and the surrounding context as well as by focusing on the problem itself, thus going beyond the linear or cause-and-effect that isolates organizational systems from each other and their context.

Although systems theory provides for the study of single parts of an organization (e.g., employees or customers, organizational functions such as marketing or manufacturing, and organizational structures such as division, departments, or teams), it stresses the need to study the multiple parts within their context and to examine the organization as a whole, particularly when embarking on change. The study of the organization as a whole means becoming familiar with the relationships between the discrete parts as well as the networking of partners, customers, and community.

Systems Applications

The application of systems thinking and related tools and skills are discussed and developed further throughout this text. We begin here by making plain from the outset that systems thinking sheds light on how to identify underlying problems, how to address ineffective practices, and how to accommodate the needs of unfulfilled stakeholder groups—all of which can give rise to a dysfunctional system if ignored. For example, unaddressed hurt feelings, unfair wages, or overlooked promotions—once identified—can be corrected by identifying the required solution, such as a conflict resolution system, adjustments to the reward system, or enhanced record keeping of employee productivity to assure a valid and fair performance review and promotion system, all of which will build loyalty to the organization and produce satisfaction. Throughout this text, we present the theoretical foundations of I/O psychology, including important and useful concepts and empirical findings, which we examine with systems thinking to provide a wider view of challenges and opportunities by merging the two “languages” or disciplines of psychology and systems. Our intent is to enrich your understanding of how organizations work as well as how individuals work
in organizations, and to shed light on how best to promote individual and organizational lives.

**A FRAMEWORK FOR UNDERSTANDING ORGANIZATIONS**

The field of industrial/organizational psychology covers a wide range of topics, as presented in Table 1-1. There are four major domains in our framework for understanding organizations, beginning with **Part I: Organizations As Systems.** Chapter 1: *Introduction to Organizational Psychology and Systems* focuses on the nature of work, organizations as systems, global organizations, and challenges to individuals and organizations in the 21st century. **Chapter 2: Methods of Study** begins with a treatment of situational and dispositional variables and features of individuals that impact work performances and methods of study employed in I/O psychology. The chapter presents descriptive and inferential statistics as well as a discussion of meta-analysis for comparing and summarizing the findings across many studies in organizational psychology. Chapter 2 also describes the impact of moderator variables on the relationship between independent and dependent variables and suggests tools for getting a snapshot of an organization.

The second domain of our framework is covered in **Part II: Macrosystems.** These systems involve and influence all levels and all individuals in an organization. Chapter 3: *Organizational Culture* focuses on specific tools to identify, construct, or change organizational culture, and it explains how managing problems of external adaptation and internal integration promotes resilience.

**TABLE 1-1** A Framework for Understanding Organizations

<table>
<thead>
<tr>
<th>Organizations As Systems</th>
<th>Macrosystems</th>
<th>Microsystems</th>
<th>Managing Change</th>
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<td><strong>Introduction to Organizations and Systems</strong></td>
<td><strong>Organizational Culture</strong></td>
<td><strong>Hiring and Performance Management</strong></td>
<td><strong>Individual and Organizational Change</strong></td>
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<td><strong>Methods of Study</strong></td>
<td><strong>Leadership, Power, and Politics</strong></td>
<td><strong>Group Dynamics and Teams</strong></td>
<td><strong>Organizational Change and Learning</strong></td>
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<td><strong>Workforce Diversity and Ethics</strong></td>
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<td><strong>Motivation and Productivity at Work</strong></td>
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<tr>
<td></td>
<td></td>
<td><strong>Leadership, Power, and Politics</strong></td>
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<td></td>
<td><strong>Organizational Decision Making</strong></td>
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<td><strong>Workplace Negotiation</strong></td>
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<td></td>
<td><strong>Organizational Conflict Management</strong></td>
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or organizational health. Chapter 4: Leadership, Power, and Politics reviews different models of leadership, examines how leadership facilitates full-system potential, and explores the role of power and politics in leadership. Chapter 5: Workforce Diversity and Ethics identifies barriers as well as strategies to enhance the diversity and inclusion of persons from underrepresented groups, and also indicates how ethics and ethical practices can improve the well-being of all members of an organization.

Part III: Microsystems is the third major domain of the framework, and it focuses on organizational systems that have more limited influence on an organization compared to macrosystems. Microsystems are focused on doing things right and how management functions work, as compared to leadership, which is concerned with doing the right things for organizational members and the organization. Specifically, Chapter 6: Hiring and Performance Management treats the recruitment and hiring of organizational members, as well as training and performance evaluation systems, and discusses the impact of dispositional variables on work performances, contemporary issues in performance evaluation, and the hiring and retention of members of legally protected groups. Chapter 7: Group Dynamics and Teams focuses on the similarities and differences between groups and teams, reasons for joining groups, the stages of group-team development, the types of teams, team cognition, and self and collective efficacies. Chapter 8: Motivation and Productivity at Work begins with a definition of motivation, includes a review of major theories of motivation, looks at tools to enhance motivation, examines the relationship between extrinsic and intrinsic motivation, and covers dysfunctional motivation and work performance.

Chapter 9: Organizational Decision Making introduces decision-making models that promote inclusion, build ownership, and prevent common system dysfunctions such as groupthink and the Abilene Paradox. Chapter 10: Workplace Negotiation treats distributive and integrative negotiation in the workplace, and then looks at the harmonizing of these two approaches to negotiation to produce high-quality outcomes for all parties, as well as introducing best alternatives to negotiated agreements (BATNAs) and the six keys to quality negotiation. Chapter 11: Organizational Conflict Management begins with a definition of organizational conflict, reviews the major theories of the causes of conflict in the workplace, describes the management of workplace conflict, and presents specific tools for organizational conflict management systems.

The fourth and final domain of our framework, Part IV: Managing Change, is primarily concerned with openness to change at individual and organizational levels. Chapter 12: Organizational Change and Learning discusses the nature of change, receptivity to change, models of organizational learning essential for individual and organizational change, and specific tools and skill sets to guide self-organization and continuous improvement.

GLOBAL ORGANIZATIONS

You can find evidence of global organizations all over the Internet. Many of them are accessible to anyone from anywhere at almost any time. The customer or client in the global marketplace is a person or group of persons anywhere in
the world that is willing and capable of purchasing a product or service regardless of its place of origin—providing it meets customer or client specifications of the highest quality, at the lowest possible price, delivered as quickly as possible. What counts in global organizations is what you do rather than where you do it. If you need an immediate image of the global marketplace, just go online to find a book, health professional, or the latest electronic gadget; tour the hotel room you plan on booking for your next business or vacation trip; or make flight reservations—the list goes on!

An important aspect of understanding global organizations is determining how leadership and operating principles are consistent across diverse cultures and how they can vary, depending on the global context. One major research initiative in this realm is the GLOBE Project. The GLOBE Project was created to determine if there are leader behaviors, attributes, and organizational practices that are acceptable and effective across cultures. The project also examined how features of the larger societal or contextual culture and the organizational culture affected leader behaviors and organizational practices (Chhokar, Brodbeck, & House, 2007; House & Global Leadership and Organizational Behavior Effectiveness Research Program, 2004).

In this study, 17,000 managers working in 951 organizations across 62 different countries respond to a survey questionnaire that included 112 leader attributes (for example, a good leader promotes participation in decision making). The results indicated that charismatic, team-oriented, and participative leaders are rated as the most effective. In particular, charismatic leadership (when promoting a shared vision of the organization’s major goals, inspiring followers, valuing honesty, and being decisive and performance oriented) is rated as the most effective leadership style (House & Global Leadership and Organizational Behavior Effectiveness Research Program, 2006). Thus, there appears to be a uniform leadership style and associated behaviors that are effective in a wide variety of cultures and suitable in organizations across the globe.

It is nearly inevitable, given the global economy, for organizational members to be drawn from diverse cultures from around the world (Kitayama, 2002; Leung & Peterson, 2011; Markus & Kitayama, 1991; Triandis, 1994). Interestingly, research has identified some common needs that appear in both individualistic cultures like those of Western Europe and North America, where there is relatively more emphasis placed on individuals’ personal satisfaction and fulfillment, and collectivistic cultures, like those seen in Asia, where the emphasis is on the stability of cultural groups, such as families, employers, and nations. Given the rich diversity across cultures, there appears to be a near-universal human psychological need for each of us to be a good person as defined by one’s culture (Heine, Lehman, Markus, & Kitayama, 1999; Norenzayan & Heine, 2005). Although this need is quite pervasive, there is wide variation in how specific cultures define their model citizen. In Western individualistic cultures, the good or valued person is confident, self-sufficient, and focused on personal achievements, whereas in Eastern collectivistic cultures, the good person promotes harmonious functioning of the group, adopts flexible approaches to different situations, and pursues self-improvement almost exclusively as it benefits the group rather than the individual (Erez, 2011; Heine et al., 1999).
Researchers have found a universal interest in autonomy, which is the capacity to make choices about how to act and what to do, versus being controlled by other people. The value of autonomy has been widely endorsed in diverse nations, including Russia, China, and the United States (Chirkov, Ryan, Kim, & Kaplan, 2003; Sheldon et al., 2004). And finally, several researchers have proposed that belonging to meaningful groups is also a universal need (Aronson & Aronson, 2008; Baumeister & Leary, 1995; Deci & Ryan, 1985; Smith, Spillane, & Annus, 2006). This rather uniform pattern of basic psychological needs as observed across a variety of cultures indicates that perhaps people are more alike than different from each other.

The world in which we work and live is changing—and dramatically impacting organizational demography (the composition of the membership of an organization) as well as the customers or clients they serve. Today it has become commonplace for people to travel anywhere in the world in 24 hours or less, and global communication networks allow us to easily contact almost anyone, anywhere, at any time. Another term for these trends is globalization: the open exchange of goods, services, information, culture, sociopolitical systems, and religions, with people growing closer together while paradoxically growing farther apart as well. By this, we mean people appear to be more frequently in contact through electronic communication (cell phones, laptops), while passing up opportunities for face-to-face communication.

Table 1-2 shows world vital statistics per unit of time as of June 12, 2012. The global population has a natural estimated increase of 148 persons per minute. In the United States alone, as of June 12, 2012, the population was 313,726,294, with a net gain of one person every 13 seconds.

As Table 1-3 indicates, as of June 12, 2012, if we reduced the world’s population to a village of 100 with all existing human ratios staying the same, we would find that, for example, 50 would be male and 50 female; 61 would be Asians, 13 Africans, and 12 Europeans; eight would have access to the Internet; and one would have a college education!
A BRIEF HISTORY OF INDUSTRIAL/ORGANIZATIONAL PSYCHOLOGY

We conclude this chapter with a look at some of the important persons and events in the fascinating history of industrial/organizational psychology. Although the field itself is relatively new, its subject matter is ancient. The construction, management, and leadership of groups of people to accomplish work that no one person could do alone has been part of cultural groups for many millennia.

Pioneers in the Field

I/O psychology evolved into a specialization within general-experimental psychology in the latter half of the 19th century. It grew out of the pioneering work of Hugo Munsterberg (1863–1916), an experimental psychologist particularly interested in the selection of employees with the use of psychological tests (Hilgard, 1987). Munsterberg wrote the first I/O textbook, *Psychology and Industrial Efficiency*, which was published in 1913. Walter Dill Scott (1869–1955) shared Munsterberg’s interests in I/O psychology and also studied advertising. He wrote *The Theory of Advertising* (1903), an influential book that continues to this day to move psychology into more applied directions (Vinchur & Koppes, 2011).

In the beginning of the 20th century, Frederick Winslow Taylor introduced what he called Scientific Management, also known as Taylorism, which was initially developed to increase productivity in factories. According to Taylor, each job should be carefully analyzed so that the optimal way of doing tasks can be specified, and then employees should be hired according to characteristics that are related to job performance (Taylor, 1911). The time-and-motion studies of Lillian Gilbreth and her husband Frank Gilbreth focused on measuring the time for doing specific tasks in order to improve productivity (Lawson, Graham, & Baker, 2007). The key points of Taylorism and the Gilbreth time-and-motion

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**TABLE 1-3** If The World Were a Village of 100 People

The demographics of the world would appear as something like the following if we reduced the world’s population to a village of just 100 people, with all existing human ratios remaining the same.

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>50</td>
</tr>
<tr>
<td>Female</td>
<td>50</td>
</tr>
<tr>
<td>Asian</td>
<td>61</td>
</tr>
<tr>
<td>African</td>
<td>13</td>
</tr>
<tr>
<td>European</td>
<td>12</td>
</tr>
<tr>
<td>Latin American</td>
<td>9</td>
</tr>
<tr>
<td>United States and Canada</td>
<td>5</td>
</tr>
<tr>
<td>Non-white</td>
<td>75</td>
</tr>
<tr>
<td>White</td>
<td>25</td>
</tr>
<tr>
<td>Unable to read or write</td>
<td>16</td>
</tr>
<tr>
<td>Have access to the Internet</td>
<td>8</td>
</tr>
<tr>
<td>Have a college education</td>
<td>1</td>
</tr>
</tbody>
</table>

*Source:* Adapted from Family Care Foundation (2012); retrieved on June 12, 2012 from http://www.familycare.org/special-interest/if-the-world-were-a-village-of-100-people
studies are that work behaviors can be measured and analyzed into components to promote a good fit between the capacities of the worker and the demands of the job (Vinchur & Koppes, 2011).

Another noteworthy pioneer of the field was Mary Parker Follett (1868–1933). Her work was grounded in the then-new field of empirical psychology. She is remembered for at least two lasting contributions. First, she resisted the cutthroat competition of 19th-century American industrialization (as well as the potentially dehumanizing implementation of Taylorism) with her *Principles of Coordination* (Follett, Fox, & Urwick, 1973). Instead of analyzing workers’ actions and then giving highly detailed directions, Follett advocated for employee engagement at all levels of production, because she believed that this would lead to optimal organizational performance (Tonn, 2003). Her second major contribution was also influential, as it is the earliest psychological work on negotiation. In her essay “Constructive Conflict,” she proposed that conflict—“the appearance of differences”—is neither good nor bad and can actually motivate people to strive for integrative solutions, so neither side has to sacrifice everything it seeks (Graham, 1995).

The Organizational Side Develops

The organizational side of I/O, with a focus on workplace interactions between people and groups, comes into focus in the early 1920s with the Hawthorne studies. These studies involved the Western Electric Company and researchers from Harvard University, who were interested in the impact of environmental or contextual variables such as lighting and wage incentives on productivity (Mayo, 1933; Whitehead, 1935; Whitehead, Mitchell, & Western Electric Company, 1938). The “Hawthorne effect” is a response by workers arising from any change to their work environment. Researchers find that productivity increases as the level of illumination changes, regardless of whether the illumination is increased or decreased. The initial interpretation of these studies’ results is somewhat debatable, and there are credible alternative explanations. However, the basic finding has been reproduced (or replicated) many times. The overarching conclusion of the Hawthorne studies is that social context influences organizational behaviors (Vinchur & Koppes, 2011). Other important findings of the Hawthorne studies that have been confirmed in later research are that work groups establish and enforce production norms or rules and that employees respond differently to different leadership styles.

Other developments that indicate the importance of organizational systems for understanding organizational and individual behaviors include the growth of labor unions during the 1930s, which argued for participative decision making for quality-of-work-life issues, and workplace democracy gave employees a voice in collective bargaining agreements in unionized organizations. Kurt Lewin (1890–1947) arrived in the United States in 1933 to escape Nazi anti-Semitism. His single-minded drive to use research to solve practical organizational and community problems greatly contributed to the further development of organizational psychology (Marrow, 1984; Vinchur & Koppes, 2011). He is also considered a founding figure in social psychology (Fiske, 2010).
World War II spurred studies in morale and leadership, followed a number of years later by the publication of Motivation and Morale in Industry (Viteles, 1953). This text makes plain that it is important to research topics such as leadership, group dynamics, and motivation.

Morton Deutsch was a student of Kurt Lewin. Deutsch has conducted pioneering studies on cooperation and competition, intergroup relations, conflict resolution, social conformity, and the social psychology of justice (Frydenberg, 2005). In addition, the human relations movement arose during the 1950s, arguing for more opportunities to be creative and fulfilled at work (Hammer & Zimmerman, 2011). As the emphasis on conformity during the postwar era gave way to the transformational social movements of the 1960s, young persons in general not only protested against the Vietnam War and segregation, but many of them also developed a mistrust of authority. Many of the so-called Baby Boomers, born between 1944 and 1964, chose lifestyles that do not have work as a major focus.

These broad cultural shifts of the 20th century continue to have reverberations today. For example, the children and grandchildren of the Baby Boomers have been and still are exposed to a culture of individualism and distrust of established institutions. Some researchers propose that members of Generation X (born between 1965 and about 1982) and Generation Y (born between 1983–1995) are, overall, rather confident—which can be good—but also can have unrealistic expectations about the nature of organizational life and its capacity to provide personal fulfillment (Gentile, Twenge, & Campbell, 2010; Twenge & Campbell, 2008; Twenge, Zhang, & Im, 2004). This is a provocative hypothesis, and only time will tell how these workers of the early 21st century fare over the decades (Baumeister, Campbell, Krueger, & Vohs, 2003; Trzesniewski & Donnellan, 2010).

A Changing Field for Changing Times

Today and in the years ahead, we need industrial/organizational psychologists who study organizations as systems that operate in the global marketplace. There has been a significant increase in studying the impact of globalization on organizations, as reflected in the growing number of international students enrolled in business schools around the globe and the emphasis of globalization in the curriculum of master’s degree programs in business administration (Schumpeter, 2011).

To appreciate the challenges that organizations face in the 21st century, consider the World Economic Forum’s Global Competitiveness Index (available at http://gcr.weforum.org/gcr). This index scores countries on a number of dimensions, such as institutional environment (factors such as government attitudes about regulation, corruption, and lack of transparency) and infrastructure (things like the condition and presence of roads, railroads, and ports). From the ratings of these factors, U.S. organizations—and in fact organizations from every country—will not only be competing with European, Japanese, South Korean, and Chinese organizations but also with highly competitive organizations from every corner of the world that are not yet in the top 50 rankings of globally competitive countries but are clearly on the rise.
Questions for the Future

A number of pressing research areas and questions need to be addressed to narrow the gap between the research and applied sides of I/O psychology. These topics include assessment of the impacts on motivation and performance of flexible approaches to compensation (Martocchio, 2011), work/family issues (Hammer & Zimmerman, 2011; Kossek & Michel, 2011), productive and respectful interpersonal relations at work (Reich & Hershcovis, 2011), managing stress and promoting wellness (Griffin & Clarke, 2011), employee-employer commitment and loyalty to each other (Rousseau, 2011), justice in the workplace (Greenberg, 2011), sexual harassment (Berdahl & Raver, 2011), and gender-based compensation disparities (George & Ng, 2011; Kossek & Michel, 2011; Martocchio, 2011). In addition, other areas that need further study include leadership development for an increasingly diversified workforce, telecommuting or working from home or elsewhere away from the actual workplace (if one exists), educating people to embrace change, increasing attention to global events and their impact upon organizations, ethical conduct and values, and the need to build collaborative alliances between organizations in the context of highly competitive environments. We will address these topics and other timely issues throughout the rest of this text.

An excellent resource for contemporary topics, career paths, salary data, and a listing of I/O psychologists can be found at http://www.siop.org, the website of Division 14 of the American Psychological Association, the Society for Industrial and Organizational Psychology.

Chapter Summary

We began this chapter by describing some of the major global changes that are shaping the nature of work in the 21st century and requiring increased flexibility in the operations of organizations. It is critical to study organizations as systems and to focus on systems thinking given the diverse and sustained contact between individuals and organizations around the world, mediated by electronic communication systems. We identified important features of systems that apply to organizations, such as the interrelationship of all parts of a system and systems change in response to feedback. We distinguished between macrosystems and presented our framework for understanding organizations.

In describing the 21st-century world, we made note of the ever-increasing world population that impacts all organizations and individuals. Thereafter, we turned to a brief history of industrial/organizational psychology and identified major questions that need to be addressed by I/O psychologists in the 21st century.

Chapter References


Vinchur, A. J., & Koppes, L. L. (2011). A historical survey of research and practice in industrial and


