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# Role of Organizational Psychology in Human Resource Management

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## Abstract

Started at the end of 19<sup>th</sup> century as a branch of classical psychology showing an interest in human mind and behaviour, Organizational Psychology rapidly grew to the independent field of research nowadays and continue to grow connecting many spheres of organizational studies. Human Resource Management the closest and the closest sphere that is using as a help achievement of Organizational Psychology – its theories and methods in work as soon as in both personality is the object of work and research. The purpose of this paper is to understand in more details what is the Organizational Psychology, what is its goals, how is it connected to Human Resource Management, and how Organizational Psychology supports Human Resource Management in its everyday work.

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## Introduction

Organizational psychology investigates employees, working place and other issues related to that. It is mainly based on general psychology, its approaches and methods as well as scientific principles in its work (Simon & Rachel, 2015). In other words, the organizational psychology investigates behaviour, motivation and perception of workers' professional grounding, thus giving support to human resources management. This paper aims to give an overview of the connection between organizational psychology and human resources management.

## Literature review

### Organizational Psychology

Organizational psychology can be also met under the definitions like "Industrial Psychology", "Managerial Psychology", "Work Psychology", "Business Psychology" or "I/O Psychology" (Industrial and Organizational). These are all definitions of one same thing, but with a slight difference in the field where it used. Even though these are the same, we still need to point one big difference between Industrial and Organizational psychology. Industrial psychology concentrates on individual differences oriented toward human resource matters and concerned with maximizing efficiency, safety, and cost-effectiveness, while organizational psychology targets issues of human relations processes, individual attitudes and behaviour, and other relevant management practices that contribute to feelings of fulfilment and meaningfulness in the organization (Simon & Rachel, 2015). After Industrial and Organizational Psychology, it is also important to understand what Managerial Psychology is. It is another big field of research that is working very close to the one that will be considered in this paper. Managerial Psychology is a branch of applied psychology and the main subject of its research is management in a narrow meaning. Management – employee relationships, leadership and teamwork themes are the main research themes of this psychology (Furnhan, 2007). In this paper, we use the definition of Organizational Psychology as the broadest one, consisting of elements of every other definition.

Organizational Psychology is a relatively new field even if we would mind the whole history of this field. Development of the organizational psychology field is closely connected to the democratization of the labour. The more attention was paid to increasing the quality of the working environment and other important achievements of managerial sciences in the field of Labor improvement such as – strengthening rights of employees and workers, lowering the average working hours, increasing average payment, improving working conditions, creating organizational systems etc., the faster Organizational Psychology was developing as a field of research independently. In the very beginning at the end of the 19<sup>th</sup> century, it started as a branch of classical psychology when interest in investigating the human mind and behaviour occurred. That time psychologists studied how people's minds adapt to environments. Then with the birth of applied psychology at the beginning of the 20<sup>th</sup> century appeared "Industrial Psychology", the word "Organizational" could not be met often those times. Industrial psychology existed until the end of World War II. Right before its publication of "Management and the Worker" book by Roethlisberger and Dickson put up new themes that were mostly connected to behaviour on the working place which that emerged interest. Book described well-known experiments of Hawthorne, results of which made a great impact on a Labor democratization and put up more humanise approach in the workplace relations

(Lyman, 2008). Hawthorne assumed that by increasing the quality of working conditions for the employee he could get a higher level of performance. Then he changed the illumination on the working place for 6 women on the factory and after some time pointed out that their work performance grew. That was a great example that showed that the humanistic approach could practically increase performance (Highhouse, 1999). After that in 1950-1960 more Organizational – oriented researches appeared rather than classical industrial ones. It went further from considering the only individual in this research and put more attention to a broader field. This improvement was made not without some help – the US economy was growing opening wider opportunities for development for the companies that were considering these kinds of researches and rapidly changing. Only in the 1970s, psychologists renamed this field of study by adding the word “Organizational”. Defenders of the previous “industrial Psychology” name were against the full change of the definition that is why “Industrial and Organizational Psychology” appeared. There were too many organizations – oriented researches to ignore it in the whole field.

In the 1980s and 1990s, economic and globalization trends brought about demographic changes in the developed countries, and trends in multinational selection (assessment centres), hiring, and employment contracts added new dimensions to organizational psychology. Moreover, new topics such as the influence of cross-cultural differences in individuals, groups, and organizational processes and dynamics; new forms of diversity at work; flexibility; and new conceptualizations of job and work were added to the agenda (Simon & Rachel, 2015). At the beginning of the Organisational Psychology, authoritarian management was setting a goal of the whole field to solve mostly organizational goals of the organization. Nevertheless, with time Organizational Psychology transferred its research interests on both employee and organizational goals (Koppes, 2003).

The big role in the Organizational Psychology development played the fact that this field of research is crossing with many other disciplines that are connected between each other in Organizational sphere. We can say that Organizational Psychology is considering every aspect of a person on the working space and work as a wide definition through the frame of psychological theory and methods. That brings us to the point, where Organizational Psychology is connected to every science and study that is working on the field of the labour. Organizational Behaviour, Management, Organizational Culture, Strategic Management, Innovation Management, Communication Management, Adaptation in Organization and many more research directions are working in close cooperation with Organizational Psychology (Verbeke et al., 1998). In this paper, we will consider the broader studies that were affected largely by Organizational Psychology – Human Resource management.

### *Human Resource Management*

Human Resource Management as an Organizational Psychology has by its subject the person, to be a more precise employee. Organizational Psychology researchers are studying Person, his motives and behaviour in the working environment and everything connected to it – Communication with other employees, adaptation to the new environment, personal motivation, management of HR strategies, hiring and keeping the personnel. In other words, HRM is leading employees throughout their working life in the organization being support for a worker in every job-oriented question (Obedgiu 2016). Human Resource Management has two types of functions

and we can say that every one of these functions is influenced by some percent by psychology. These functions are listed in Table 1.

*Table 1*  
The function of Human Resource Management

| Managerial Functions  | Operative functions  |
|---|--|
| Human Resource Planning – creating a plan for employees to reach goals. | Recruitment and Selection – finding new employees.                                 |
| Organizing – common organization – adjusting, allocating, planning.     | Job analysis – creating criteria both for worker and working position.             |
| Directing – motivation and organisation of employees                    | Performance Appraisal – keeping effective working performance.                     |
| Controlling – analysis of results of different term plans.              | Training and Development – improving   |
|   | Salary administration – Managing all kinds of employee payments.                   |
|   | Maintenance – saving important effective personnel.                                |
|   | Labor Relations – organizes proper communication between employees and management. |
|   | Personnel Research – collecting and analysis employee-related data.                |
|   | Personnel Record – recording all employee's information                            |

Source: Adopted from Manish (2020)

## The interrelation between the Organizational Psychology and Human Resources Management

Even though Organizational Psychology affects every of Human Resources Management function here we consider here in details only the main ones and mention the broad effect on every single function of Human Resource Management.

### Job Analysis

Job analysis systematically collects information of two main kinds to make future personnel recruitment and other operations with job position more effective:

1. Task-oriented information. This data analysis describes the responsibilities of every exact position and everything connected to this. Tasks and activities that are usually done to perform effectively on this job. Algorithms that were made by workers, which makes some activities of this job faster and better. In other words, all information that can help both employees to understand how to effectively perform and for the management to understand more precisely special sides of this kind of work, that can help to find the perfect candidate for this position in the future with the knowledge of some activity's details.
2. Worker – oriented information analysis. Here how it can be understood, data is collected about the worker and his characteristics that fit this exact job and activities connected to it. Knowledge, skills, abilities and other characteristics are evaluated in this type of analytical data.

Organizational Psychology in this Human Resource function is in perfect use as it considers everything that is connected to relations between employee and organization, so it can put more attention on some particular aspects minding every other if needed (Boyd, 2008). In task-oriented information analysis Organizational psychologist would leave his comments about how processes can affect employee on this job, what are the pluses and minuses for an average person need to be considered at this working place or any other information about the experience on this working place through the frames of psychology approach that can help managers to operate with it in future. Worker – oriented information analysis is depending on both on Human Resource manager and Organizational psychologist 50/50 – HR manager mostly describes official common information and its analysis like education, preferable skills, and abilities. Psychologist in his turn analyses more about the character of a candidate, his mental state and social skills that can make him do his job effectively.

### *Personnel Recruitment and Selection*

Recruitment and selection are processes that are responsible for getting new employees in the organization. Organizational psychologists work with Human Resources specialists to design recruitment processes and Personnel selection systems (Coetzee & Van Zyl, 2013). Organizational Psychology is following HR specialists throughout the whole process of admitting new personnel. From recruitment to the final signing of a contract psychological methods are used. The greatest impact that is made psychology can be seen at the point of personal meeting and selection; here psychologist can use a huge range of different tests and questionnaires to define the best person that will fit the position. Even though if the candidate has the perfect background, needed skills and enough of education for an applied job, he still can be rejected due to the results of psychological tests and professional observation. This criterion can be stated according to the specialty of the position or according to the demand of the Organizational plan. As an example, in the first time – the job can be connected to the high level of stress. In this case, psychologists should make some stress tests on the applicant or to carry out a full assessment with the help of HR managers to make sure they make the right decision. In the second example, we can imagine a situation where we have a working group where most of the members can be described mostly as an extravert. Even if the Human Resource manager says that the candidate is good to go and satisfies all requirements for this position, a psychologist in the company can still reject the candidate. His argument can be that the candidate is too closed and more introverted. That can cause problems in communication between team members; this in its turn can cause a loss of motivation and give up on a job by a newcomer. That will mean that the whole process of searching for a new employee that costs money and valuable time must be started again. Selection of a candidate and Training of employee, that we will consider further are very alike in some point, where we can or put effort to find a new perfectly fitting candidate or to hire minimally satisfying the requirements person and train him in the organization, for both of it organizational psychologist is the professional that will make this job effectively (Hulin, 2002).

From the other perspective Organizational Psychology, as it was mentioned before helps in designing recruitment processes. It also means that all processes are designed in such a way to understand more about the candidate making him comfortable without him knowing to eliminate the probability of him lying in some important questions, failing of which can cause problems in long – term perspective.

### *Performance Appraisal*

Performance Appraisal is working with the effectivity of employees, evaluating it by different criteria and analysing result to keep the effectivity of the workers on a quality level. One of the responsibilities of the organisational psychologist is to make the applicable and proper scale of work effectivity evaluation with the use of previously described job analysis for every position in the organization. This help to manage performance appraisal and set effective feedback (Coetzee & Van Zyl, 2013).

### *Training and Development*

Both newcomers and old employees are often going through different pieces of training in the company. Newcomers are also getting special training to get them closer to the work, culture and values of the company. The organization is usually interested in developing and educating its employees because in many examples it appears to be more worth it than to search for new more qualified candidates to changed existing ones. Organizational psychology is working side by side with Human Resource Management in the questions of training and development. The goal of HRM is to understand which trainings are needed and when. Role of the Organizational psychology here is to help the Human Resource department to organize these training to make them as effective as they can be (Aamodt, 2010). Education of employees depends a lot from the psychological methods, people must be organized groups and training must be performed in a particular form so it will be properly understood. HR after must evaluate the results of the training and here psychologists must help, point out some personal characteristic of the employee that could have affected the result of the training.

Another example, here in this function is when Organizational psychologist himself holds the training. Such themes as "Communication in the workplace", "Sexual Harassment", "Mobbing" and others are the field of work of Organizational psychology. We can say that Organisational Psychologist as a trainer as well as a councillor in the organisation is very involved into different training activities and can make a great impact on managing problematic situations on the working place (Barkhuizen et al., 2014). If there is Organizational psychologist in the company, he can hold lections to increase the professionalism of the employees or to manage some conflicts in the group, all of these will lead in the final to the development of the company.

### *Directing*

Directing function as was mentioned before is about making employees contribute their maximum to the organization through motivation and direction. Human Resource Management is responsible for formal directing via organizational acts and labour laws. The HR department is building formal frames of the working process that cannot be crossed and offering formal rewards to employees from the organization such as raise or higher salary or better working conditions. These things manage people and giving them basic motivation to come to work, perform everyday tasks on their working place and makes employees stay in this company. Organizational psychology from its side is responsible for the true motivation that brings employees joy to come every day to the job, makes them perform better without a raise or any other "formal motivations" and to motivate every employee personally.

There are three main processes of motivation that organizational psychologist needs to take into account during his work in directing – arousal, direction and intensity. Arousal is the base of the whole individual's motivation. This is the need or

the goal of the person that starts motivation and leading it. Direction means the very individual plans to reach this goal, methods and approaches he will use. Intensity is telling to organizational psychologist how hard and valuable the goal is (Mitchell & Daniels, 2003).

An organizational psychologist has a much broader list of tools and approaches to motivate an employee. That is why a psychologist is an irreplaceable specialist in the question of motivation. From the perspective of the organization, an organizational psychologist must motivate the employee to work more and better without spending many resources on this. He can base on the personal characteristics of a person find an approach to everyone personally and create such a motivational strategy that will fit the best and will not require much. For example, if a person is very ambitious we can make a certain goal for him that he will get if he will make some exact amount of work over the norm. Knowing that he is ambitious and want to make a career psychologist can suggest to HR manager to make this goal – a raise – higher position with higher status and more responsibilities with the same or a small bigger salary. This will make this exact employee work better. This is the win-win situation for the organization – the employee is getting what he wants, and the organization gets highly motivated worker that performs better on position with more responsibilities practically for the same money. Besides, these examples are endless, some of them are requiring from a psychologist to be very professional and experienced to make the best decisions to motivate employees and to satisfy the demands of both organization and workers.

### *Other Relevant Functions*

Talking about other functions, we can say that they are also not performed without the help of organizational psychology, but it affects it not sprightly but by making an impact on conditions in which these functions are performed.

Every organization has its own culture and HR functions are performed with a look at the organizational culture. Organizational psychology is having a great impact on creating such a culture. Organizational culture is a set of values and common views that are the same for the whole organisation (Coetzee et al., 2013). Psychologist in an organization with HR managers is forming such a culture that will provide the organization with good internal communication, working efficiency and high-quality public relations.

The functionality of Human Resource Management is strongly bounded with common good quality of organization performance, development of which connected with innovations inside the company. The more innovative organization is the better it performs and grows. HR functions are also aimed at creating these innovations as soon as they mostly come from the employees. Innovation is what is shown by the effective work of employee that is developing both employee and organization (Coetzee & Van Zyl, 2013). Role of HR is to make this communication line between employee and higher management easier and more available. Besides, an organizational psychologist must motivate and support innovative thinking of workers.

## **Conclusion**

Started two centuries ago as a branch of classical psychology, Organizational psychology developed greatly until today. We can say the main factor of the development of organizational psychology is the democratization of the labour. The more organizations think about their employees as a unique personality the more psychology is involved in the working process making it better and more



comfortable for workers and adequate and more efficient for management. Organizational psychology changes to labour, as we know it now every day to the quality new level. We still have many problems that are following us in the working place, a lot of them were solved but a lot are waiting to be solved. Organizational psychology grows every year, more and more scientists are joining this field of research. Nowadays Organizational Psychology mostly focused on local researches, but global wide questions are more presented in papers of organizational psychologists' mostly cross-cultural themes and questions (Gelfand et al. 2008).

Organizational psychology in its form today is working side by side with Human Resource Management and making a great impact on cooperation between organization and employees. We can see that every Human Resource Function is more-less connected to Organizational psychology and uses its methods and approaches to perform more effectively.

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