

BUSINESS PSYCHOLOGY AND ORGANIZATIONAL BEHAVIOUR

Sixth Edition

EUGENE McKENNA



Business Psychology and Organizational Behaviour

Business Psychology and Organizational Behaviour introduces principles and concepts in psychology and organizational behaviour with emphasis on relevance and applications. Well organized and clearly written, it draws on a sound theoretical and applied base, and utilizes real-life examples, theories, and research findings of relevance to the world of business and work.

The new edition of this best-selling textbook has been revised and updated with expanded and new material, including: proactive personality and situational theory in personality; theory of purposeful work behaviour; emotional and social anxiety in communication; decision biases and errors; and right-brain activity and creativity, to name a few. There are numerous helpful features such as learning outcomes, chapter summaries, review questions, a glossary, and a comprehensive bibliography. Illustrations of practice and relevant theory and research also take the reader through individual, group, and organizational perspectives.

This is an essential textbook for undergraduates and postgraduates studying psychology and organizational behaviour. What is more, it can be profitably used on degree, diploma, professional, and short courses. It's also likely to be of interest to the reflective practitioner in work organizations.

Dr Eugene McKenna is Professor Emeritus, University of East London, a Chartered and Registered Occupational Psychologist, Fellow of the British Psychological Society, and Fellow of the Royal Society of Medicine.

“This new edition of *Business Psychology and Organizational Behaviour* is outstanding. Not only does it cover thoroughly and up-to-date all the areas of business psychology and OB, but also develops new ones as well (e.g., business ethics). The standout for me are the international case studies, and particularly practitioner perspectives. A must-buy textbook in the field of OB by a renowned author and scholar.”

Professor Sir Cary Cooper, CBE, 50th Anniversary Professor of Organizational Psychology & Health at the ALLIANCE Manchester Business School, University of Manchester, UK

“This new up-to-date edition of Professor Eugene McKenna’s highly respected textbook exceeds expectations. It is my book of choice both for teaching and for reference on business psychology and organizational behavior. It brings together relevant insights from past and present research, and it clarifies how the contributions of psychology relate to those of other disciplines. What may appear to be a formidably comprehensive book is actually easy to read due to its clear style and the many summaries and examples provided.”

Professor John Child, D.Sc., FBA, Professor of Commerce, Birmingham Business School, University of Birmingham, UK

Praise for the Fifth Edition:

“The content of the book covers all the usual areas of business psychology. McKenna’s approach is scholarly, presenting research evidence for and against controversial topics before arriving at well-considered conclusions. A text such as this earns its place on the bookshelf of psychology undergraduates as a comprehensive core text.”

*Anne Kearns, Chartered Occupational Psychologist,
from “The Psychologist”*

Business Psychology and Organizational Behaviour

Sixth Edition

Eugene McKenna

Sixth edition published 2020
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon, OX14 4RN

and by Routledge
52 Vanderbilt Avenue, New York, NY 10017

Routledge is an imprint of the Taylor & Francis Group, an informa business

© 2020 Eugene McKenna

The right of Eugene McKenna to be identified as author of this work has been asserted by him in accordance with sections 77 and 78 of the Copyright, Designs and Patents Act 1988.

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

Trademark notice: Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

Fifth edition published by Psychology Press 2012

British Library Cataloguing-in-Publication Data
A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data
A catalog record for this book has been requested

ISBN: 978-1-138-18262-2 (hbk)
ISBN: 978-1-138-18264-6 (pbk)
ISBN: 978-1-315-64631-2 (ebk)

Typeset in Minion and Univers
by Apex CoVantage, LLC

Please visit the Companion Website www.routledge.com/9781138182646

CONTENTS

<i>Preface</i>	vi		
<i>Acknowledgements</i>	viii		
PART I PERSPECTIVES AND ENQUIRY	1	PART III THE GROUP	425
1 Historical Influences and Research Methodology	3	9 Groups	427
PART II THE INDIVIDUAL	31	10 Teambuilding	477
2 Personality and Intelligence	33	11 Leadership and Management Style	509
3 Psychological Testing, Selection, and Appraisal	81	12 Power, Politics, and Conflict	567
4 Motivation, Job Design, and Extrinsic Rewards	137	PART IV THE ORGANIZATION	607
5 Perception and Communication	201	13 Organizational Structure and Design	609
6 Learning, Memory, and Training	259	14 Organizational Culture	667
7 Individual Decision Making and Creativity	331	15 Organizational Change and Development	711
8 Attitudes, Values, Job Satisfaction, and Commitment	371	16 Health and Work: Stress	755
		<i>Glossary</i>	808
		<i>References</i>	830
		<i>Name Index</i>	914
		<i>Subject Index</i>	949

PREFACE

A major objective has been to produce a text that would introduce the basic concepts and principles of psychology and organizational behaviour clearly with the emphasis on relevance and applications, but at the same time would not over-popularize the subject. Therefore, every effort was made to write the book in a style likely to engage the interest of the student, drawing on numerous real-life examples and research studies relevant to the world of business. The book takes the reader through individual, group, and organizational perspectives, while at the same time offering an appreciation of their historical development and methodological issues. The text requires no previous study of psychology or the behavioural sciences. Despite its suitability for use on degree, diploma, professional, and short courses, it can profitably be used as a reference book by reflective practitioners.

Learning outcomes, chapter summaries, review questions, pointers to additional reading, a glossary, and a comprehensive bibliography are features of the text. Although each chapter is self-contained, the reader will find within individual chapters numerous cross-references. For lecturers who adopt the book, there are online teaching resources, including a companion website, chapter-by-chapter PowerPoint lecture slides, and a multiple-choice test bank. Please visit www.routledge.com/9781138182646

Particular illustrations of practice and relevant research evidence are contained in numerous panelled items dispersed throughout the book; some of these could be used as mini-cases or vignettes. When important terms are introduced in the text, they are **highlighted** to indicate their inclusion in the Glossary section at the end of the book.

The number of chapters in the new edition is sixteen, having been reduced by three, namely, 'Communication', 'Selection/Appraisal', and 'Rewards/Training', and this has resulted in removing Chapters 6, 18, and 19, which appeared in the fifth edition. There has also been a significant readjustment of the contents of Chapters 2 and 3. Salient and pertinent material from the removed chapters is incorporated in an appropriate part or slot in the book because of its applied perspective. The recipient chapters are 3, 4, 5, and 6 in the sixth edition. The entire book has been updated following a comprehensive review of the relevant literature.

The book has been revised and updated with expanded and new material, including the following: proactive personality and situational theory in personality; theory of purposeful work behaviour; suggested integration of Big Five theory (personality) and features of the job characteristics motivational model; emotional and social anxiety in

communication; web learning, talent management (extended); decision biases and errors; right-brain activity and creativity; generational differences in work values; multi-team systems, mental models and teams, Team X; leadership and emotional intelligence; ethics and charismatic leadership, authentic and servant leadership; trust and leadership, and derailment of leaders (extended); organizational micro-specialization; positive organizational culture, toxic organizational culture;

personal resilience and stress, mindfulness as a preventative measure, stress and dual-career households, workaholism and stress in senior management, cross-national culture and stress.

Finally, it has been a long journey, but I hope I have realized my objective in writing this new edition, and I hope the reader finds reading it a pleasant and rewarding learning experience.

Eugene McKenna, 2020

ACKNOWLEDGEMENTS

This book has benefited from several positive influences. My thanks to the academics who reviewed the fifth edition and made valuable comments and suggestions, which were

seriously taken on board, as well as to those who reviewed the draft manuscript of the sixth edition, and to the editorial staff of Routledge, who were very helpful.

PART I

PERSPECTIVES AND ENQUIRY

CONTENTS

Learning outcomes

Introduction

Nature of psychological perspective ~ Different approaches

Nature of organizational behaviour

Historical perspective ~ Scientific management • Classical bureaucracy • Principles of organization • Industrial psychology in the UK • Human relations movement • Neo-human relations • Systems approach • Contingency approach

Contemporary issues

Research methodology ~ Characteristics of the scientific method • Techniques and settings • Ethical issues

Framework and issues

Chapter summary

Questions

Further reading

CHAPTER ONE

HISTORICAL INFLUENCES AND RESEARCH METHODOLOGY



LEARNING OUTCOMES

After studying this chapter you should be able to:

- Assess the role played by psychology in the analysis and solution of organizational problems.
- Draw a distinction between the different traditions or schools of thought in psychology and assess their significance.
- Explain what is meant by the multidisciplinary nature of organizational behaviour, and comment on the standing of psychology as a contributory discipline.
- Examine the different approaches used by theorists and practitioners in the study of organizational behaviour over time.
- Assess the changes in the external environment that have brought about fundamental changes to organizational functioning in recent years.
- Identify the role of research in the social sciences and examine the significance of the scientific method.
- Examine the different techniques available to the researcher when investigating issues or problems in organizations, and acknowledge the significance of ethics.

INTRODUCTION

This opening chapter sets out initially to explain the nature of both the psychological and organizational behaviour perspectives. Subsequently, as we reflect on the application of concepts from psychology and organizational behaviour, a historical view will be taken. The final section is devoted to research

methodology, which reflects the need to be rigorous and systematic in the way evidence relating to behaviour is collected. Therefore, the discussion will unfold as follows: (1) nature of psychological perspective; (2) nature of organizational behaviour; (3) historical perspective; (4) contemporary issues; and (5) research methodology.

NATURE OF PSYCHOLOGICAL PERSPECTIVE

The study of psychology provides valuable knowledge and insights that help us to understand the behaviour of people in business organizations and settings. As a consequence, the manager is provided with pertinent information about human behaviour when faced with human problems in a business and management context. The contribution that psychology has made to the solution of many human problems encountered in business is significant. It has resulted in better management of human resources; improved methods of personnel selection, appraisal, and training; improved morale and efficiency of operations; a reduction in accident rates; and better working conditions.

Despite these claims to success, it should be stated that psychology is not a panacea for all the human problems associated with business. For example, there are occasions when the outcome of the application of personnel selection techniques is less than perfect. Likewise, a programme to raise the level of morale in a company may, for a variety of reasons, fail to meet the expectations of the management, even though the results provide grounds for optimism.

In the study of human behaviour the psychologist is concerned with a repertoire of behaviour that is both observable (e.g. walking and talking) and unobservable (e.g. feeling and thinking). Animal behaviour has also captured the interest of psychologists.

Different approaches

The development of psychological thought has been influenced by the different traditions associated with the study of behaviour. These traditions are often referred to as “perspectives” or “models of man”. The major perspectives can be classified as: (1) the psychoanalytical approach;

(2) the behaviourist approach; (3) the phenomenological approach; and (4) the cognitive approach.

Psychoanalysis

The **psychoanalytical approach**, initiated by Freud, ignores or shows little interest in certain areas of contemporary psychology (e.g. attitudes, perception, learning) because of a prime preoccupation with providing help for neurotic patients. This approach, which is discussed in Chapter 2, gave a major impetus to the early development of modern psychology.

In psychoanalysis, the therapist takes note of what the patient has to say, and perceives emotional reactions and signs of resistance to the treatment. In a discussion with the patient the therapist interprets the information obtained from the analysis session. The central thrust of this approach is that people’s behaviour can be investigated in a non-experimental way, that behaviour is determined by some unconscious force, and that behavioural difficulties or abnormalities in adult life spring from childhood. In work situations it is not uncommon to find that one individual reacts differently from another in deep emotional terms in response to a given stimulus and this could be attributable to different complex experiences embedded in the unconscious (Fotaki, Long, & Schwartz, 2012). For example, apart from rational economic and financial justifications underpinning a takeover bid by one company for another, one can envisage a situation developing whereby unconscious forces in the minds of key players emerge and are related to mastery, control, and dependency on the part of the predator and the takeover target.

Behaviourism

Behaviourism is the approach to psychology that is confined to what is objective, observable, and measurable. This approach, which featured prominently in psychology until the 1950s, advocated a scientific means of

studying behaviour in carefully controlled conditions. The use of animals in many behaviourist experiments may be influenced partly by the fact that they are less complicated than humans, with a lower propensity to rely on previous experience when faced with a stimulus. Behaviourism, which is discussed in connection with learning in Chapter 6, provided psychology with a number of valuable experimental methods.

However, the preoccupation with behaviour that can be observed and measured objectively has obvious weaknesses. These are primarily associated with the neglect of the processing capacity of the human brain. Factors such as subjective feelings, expectations, plans, and thought processes are ruled out because they do not lend themselves to scientific analysis in the same way that observable behaviour does. In a sense, behaviourism may be seen as a mechanistic view of people, with the emphasis on the inputs and outputs from the “machine” but with little regard to the functioning of the internal mechanics.

Phenomenology

The **phenomenological approach** amounts to a humanistic reaction to behaviourism. An example is the view that individuals strive for personal growth, and an illustration of this is Maslow’s self-actualization as the ultimate level in his hierarchy of needs discussed in connection with motivation in Chapter 4. The emphasis of the phenomenological approach is essentially on people’s experience rather than their behaviour. For instance, even though on occasions we all share common experiences, each person perceives the world in his or her own distinctive way. Our unique perceptions – and action strategies based on them – tend to determine what we are and how we react. In the process the individual utilizes previous experience, needs, expectations, and attitudes. Finally, in the phenomenological approach, unlike the psychoanalytical approach,

unconscious processes are not systematically explored, but it is reasonably effective in treating the less severe mental disorders (Eysenck, 2009).

Cognitive

The **cognitive approach**, which focuses on the internal mental states and processes of the individual (e.g. perception, learning, memory, and reasoning), has been dominant in psychology since the 1970s and is recognized as a major school of thought. This approach to psychology, which has a fair amount in common with the phenomenological approach, is adopted throughout the book, where a cognitive view is acknowledged (e.g. perception and decision making). It seeks to explain features of human behaviour that are not directly observable.

Cognitive psychologists have made a major contribution to the development of the growing field of neuro-psychology and cognitive neuroscience. Over the last decade there has been a significant amount of activity in cognitive neuroscience. This is the area of cognitive psychology in which brain imagery is used in conjunction with behavioural measures in order to increase our understanding of the cognitive processes associated with doing a particular task (Eysenck, 2014). Cognitive psychology has also made a very useful contribution to the development of cognitive therapy. The latter addresses thought processes connected with anxiety and depression and, when combined with behaviour therapy, forms cognitive behavioural therapy (CBT), discussed in Chapter 16 with respect to stress reduction strategies.

Research carried out into the prominence of widely recognized schools in psychology detected the following trends (Robins, Gosling, & Craik, 1999):

- Psychoanalytical research has been initially ignored by mainstream scientific psychology over the past several decades.

- Behavioural psychology has declined in prominence and it gave way to the ascension of cognitive psychology during the 1970s.
- Cognitive psychology has sustained a steady upward trajectory and continues to be the most prominent school.

NATURE OF ORGANIZATIONAL BEHAVIOUR

A number of the concepts examined in this book fall within the boundaries of **organizational behaviour**, a subject that refers to the study of human behaviour in organizations. It is a field of study that endeavours to understand, explain, predict, and change human behaviour as it occurs in the organizational context (Wagner & Hollenbeck, 2014). Apart from the focus on the individual, organizational behaviour is also concerned with the relationship between the individual and the group, and how both interact with the organization. The organization is also subjected to analysis, as is the relationship between the organization and its environment.

The primary goal of organizational behaviour is to describe rather than prescribe – that is, it describes relationships between variables (e.g. motivation and job performance), rather

than predicting that certain changes will lead to particular outcomes. An example of a prediction is that the redesign of a job (e.g. job enrichment) in a particular way will lead to an increase in job satisfaction and motivation to work, which in turn will give rise to better performance on the job.

Organizational behaviour, as a social science rather than a natural science, encounters difficulties when identifying, defining, measuring, and predicting relationships between concepts because it deals with phenomena (e.g. the human condition) that are more complex than phenomena that constitute the physical world. It adopts a multidisciplinary perspective, but it should be said that psychology as a discipline makes the greatest contribution (Miner, 2003). The multidisciplinary perspectives are outlined in Table 1.1. The development of organizational behaviour has been associated with the growth of large organizations over the past century, although a preoccupation with issues related to organization and management has been around for centuries.

The way organizational behaviour is handled by writers of textbooks in this field can differ. Organizational behaviour enjoys a controversial relationship with management practice (Buchanan & Huczynski, 2017) and some books,

Table 1.1 Organizational behaviour disciplines

Discipline	Focus
Psychology	Individual, group, organizational development, occupational psychology techniques
Sociology	Organizational analysis
Anthropology	People's relationship with their environment (e.g. culture)
Political science	Activity connected with the acquisition of power, engaging in political activity, existence of vested interests, conflict generation and resolution, coalition formation
Economics	Economic policy, firm as an economic entity, nature of labour markets, human resource planning
Industrial engineering	Time and motion study and work measurement
Medicine	Occupational stress and employee well-being

such as this one, show a tendency to emphasize the practical application of theory while others adopt a managerial perspective. However, the dividing line between the two perspectives is not so clear-cut when viewed across the board.

HISTORICAL PERSPECTIVE

The following are key landmarks in the development of organizational psychology and organizational behaviour: (1) scientific management; (2) classical bureaucracy; (3) principles of organization; (4) industrial psychology; (5) human relations movement; (6) neo-human relations; (7) systems approach; and (8) contingency approach.

Scientific management

In the earlier part of the twentieth century a school of thought, known as **scientific management**, emerged. This major development – initiated by Taylor, Gilbreths, and Gantt – placed emphasis on efficiency and productivity, with the spotlight on the interaction between the person and the job. Frederick Winslow Taylor was the main instigator of this school of thought. He was not a theorist but worked as an engineer in the iron and steel industry. In his time it was normal for workers in this industry to organize their own work. Work gang leaders hired their own crew who worked at their own pace, used their own tools, and knew more about the work than did their supervisors. Taylor felt that workers tended to ease off because they were lazy or they would deliberately restrict output to protect their jobs and maintain generous staffing levels. It was apparent he did not trust workers. He felt the solution to this problem lay in scientific management (Grey, 2009).

The main features of scientific management are as follows:

- Study jobs systematically with a view to improving the way tasks are performed.

- Select the best employees for the various jobs.
- Train the employees in the most efficient methods and the most economical movements to deploy in the jobs.
- Offer incentives (e.g. higher wages) to the most able employees, and use piece rates to encourage greater effort. The piece-rate system of payment provides greater reward for greater effort.
- Use rest pauses to combat fatigue.
- Entrust to supervisors the task of ensuring that employees are using the prescribed methods.
- Subscribe to the notion of job specialization and mass production.

In scientific management managers are expected to manage (i.e. to plan, organize, and supervise) and workers are expected to perform the specified operative tasks. In this approach monetary rewards are considered to have a major motivational impact, although the main exponent of scientific management (Taylor, 1947) believed that his system benefited both employers and employees. He felt his system incorporated an impersonal fairness; that is, a fair wage for a fair day's work. Workers would no longer be dependent upon the patronage of a work gang leader and his system could also create a safer workplace. At that time industrial injuries were a problem and it was felt that if a well-conceived standard way of working was followed it would not only be productive but reduce accidents, and that would appeal to the workers (Grey, 2009). The workers and the embryonic trade unions resisted Taylorism and considered it a form of exploitation.

Other notable exponents of scientific management are the Gilbreths and Gantt. The husband and wife team Frank and Lillian Gilbreth are best known for their invention of motion study, a procedure in which jobs are reduced to their most basic movements. Using

a clock – called the micro chronometer – analysts could use time and motion studies to establish the time required to perform each movement associated with the job. Henry Gantt developed a task and bonus wage plan that paid workers a bonus on top of their standard wages if they completed the job within a set time. Gantt also invented the Gantt chart, a bar chart used by managers to compare actual with planned performance. Contemporary work scheduling methods, such as PERT (Programme Evaluation and Review Technique), are based on Gantt's invention (Wagner & Hollenbeck, 2014).

Critics felt that scientific management contributed to the de-skilling or degradation of work and a substantial transfer of power from workers to managers. Braverman (1974), a critic of Taylorism, viewed the scientific management approach as capitalist profit-seeking and certainly not fair. With reference to the

work of Braverman in this context, the following criticism of Taylorism has been made (Needle, 2004):

The extensive division of labour means that work becomes fragmented, the machine becomes more important than the worker, and control shifts from the skilled worker firmly into the hands of management, whose position is strengthened by their virtual monopoly of knowledge of the work process.

There is further reference to scientific management in the section on job design in Chapter 4. An illustration of Taylor's approach appears in Panel 1.1.

Classical bureaucracy

The classical theorists, inspired to some extent by the work of the German sociologist Weber

Panel 1.1 Taylor and scientific management

The principles of scientific management were tested in an experiment in the Bethlehem Steel Company in the USA in the 1920s, where Taylor was a Consulting Engineer in Management. Taylor observed the work of 75 labourers who were each loading 12 tons of pig iron a day on to railway trucks. Having observed the operation, Taylor was convinced that a really efficient worker could handle between 47 and 48 tons a day. Management disagreed and felt that a more likely output figure would be somewhere in the region of 18 to 25 tons a day under normal circumstances.

To validate his beliefs Taylor conducted an experiment using a Dutchman who was noted to be strong, industrious, and thrifty with his wages, and asked him whether he wished to earn more money. The worker said yes, and Taylor instructed him to do as he was told, and he would be paid according to the amount of work done. He was to give no backchat, neither was he to use initiative. When told to walk, he was to walk; when told to put the iron down, he was to do so; when told to rest, he was to rest. After following this routine, the Dutch worker's level of output was 47 tons per day, and for the three years he was under observation he continued to load this amount and was paid a rate 60 per cent higher than his former wage. The other workers were trained in a similar fashion, but only 9 out of a gang of 75 were capable of meeting the target of 47 tons a day; however, everybody's output rose appreciably.

(Brown, 1954)

on the ideal bureaucracy, came forward with a blueprint for organizational design. Here the concern was with how to organize effectively large numbers of employees into an overall structure. Weber's model was referred to as legal-rational or bureaucratic organization, and was considered to be technically efficient. The notion of efficiency is still alive in the modern world where emphasis is given to devising the best means to achieve particular ends (Grey, 2009).

The concept of bureaucracy put forward by Weber (1947) is as follows:

- A hierarchy of authority, in which the power to act flows from the apex of the organization to the lowest levels. Office holders react to orders issued by those above them to whom they report.
- Rights and duties are attached to the various positions within the hierarchy, so that employees know what is expected of them.
- Division of labour, in which activity is categorized by function (production, finance, etc.) and specialization.
- Rules and procedures, which inform employees about the correct way to process information and run the organization, obviate the necessity to exercise judgement and choice (discretion) in the execution of tasks.
- Documentation, in which information is recorded in written form and committed to the organization's memory.
- Technical competence, which amounts to recruiting and promoting individuals who possess the requisite qualifications.
- Separation of ownership from control, whereby those who manage the organization are not those who own it.

Du Gay (2000) supports what he refers to as formal rational bureaucracy and believes an important ethic is ingrained in it. Obtaining a job or being promoted does not depend on having attended the same school as your

boss or on the colour of your skin. Likewise, personal prejudice should not influence the service the customer or client receives from an official. What has just been said in the last two sentences may be an over-simplification; but what must be recognized is that the potential for the prevalence of bias and prejudice is ever present.

There have been criticisms of Weber's concept of bureaucracy along the following lines. It is felt that the bureaucracy (the means) becomes more important than the ends (that which the bureaucracy sets out to achieve), that division of labour breeds rigidity, and that there is alienation because people are expected to perform highly specialized tasks without being able to use much discretion. Also, it is said that classical bureaucracy ignores the significance of the informal organization, lacks a human face, and is slow to adapt to change. There is further discussion of bureaucracy in Chapter 13.

Principles of organization

The **principles of organization** were expounded by practitioners such as Fayol and Urwick. Fayol (1949) considered his principles of organization, listed below, as flexible and adaptable and was of the view that managers could use intuition and exercise discretion in the way the principles were used. Urwick (1947) adopted Fayol's principles to guide managerial planning and control (Wagner & Hollenbeck, 2014).

- *Purpose* or *objective* of the organization.
- *Hierarchy*, which amounts to the layers of management within the organization.
- *Span of control*, which is the number of subordinates reporting to supervisors and managers.
- *Division of labour* and *specialization*, whereby the organization is compartmentalized by function or activity and this allows