

# Chapter 11

## Industrial and Organizational (I/O) Psychology: The Roles and Purposes of I/O Practitioners in Global Businesses

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### **ABSTRACT**

*An Industrial and Organizational (I/O) psychologist is commonly referred to as an I/O practitioner and as an I/O consultant. I/O psychology is the branch of psychology concerned with the application of psychological principles in the workplace. To practitioners, I/O psychology is the application or extension of psychological methods and principles to the solution of organizational and workplace problems, both in the domestic and international arenas. Most commonly, I/O psychology is concerned with those problems caused by human performance and those which affect human performance within organizational contexts. As such, I/O psychologists employ psychological measurement and research findings related to human abilities, motivation, perception, and learning in seeking to improve the fit between the needs of the work organization and those of the people who populate it. Thus, an I/O psychologist plays a paramount role in successful global ventures by addressing two key factors—culture and behavior—resulting in positive return-on-investment (ROI).*

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## INTRODUCTION

The globalization of markets refers to the merging of historically distinct and separate national markets into one huge global marketplace. Falling barriers to cross-border trade have made it easier to sell internationally. It has been argued for some time the tastes and preferences of consumers in different nations are beginning to converge on some global norm, thereby helping to create a global market (Levitt, 1983). Used here, globalization refers to the shift toward a more integrated and interdependent world economy. Globalization has two main components: the globalization of markets and the globalization of production.

In globalization, challenges emerge in the process as firms engage in international trade or investment. The action of firms engaging in international trade or investment is known as international business. A firm does not need to become a multinational enterprise, investing directly in operations in other countries, to engage in international business, although multinational enterprises are international businesses. All that a firm must do is export to or import from products in other countries. As the world shifts toward a truly integrated global economy, more firms, both large and small, are becoming international businesses. As organizations increasingly engage in international businesses, it means managers need to recognize the task of managing an international business differs from that of managing a purely domestic business in numerous ways. At the most fundamental level, the differences arise in culture, political systems, economic systems, legal systems, and levels of economic development. Despite all the talk about the emerging global village, and despite the trend toward globalization of markets and production, many of these differences are very profound and enduring. One of the key factors that organizations quite often ignore is the role and purpose of an industrial and organizational (I/O) psychologist in international businesses.

International business has been well-analyzed and studied through the perspectives of business

and international business practitioners and business and international business programs within academic settings. However, there is a lack of perspective and voice from industrial and organizational practitioners regarding the detrimental role industrial and organizational practitioners play in international business. The purpose of this chapter is two-fold: 1) to delve into the roles and purposes of I/O psychology in international business; 2) to address one of the most detrimental barriers in international business which has evaded organizations and international business practitioners—culture. In so doing, this chapter will cover: international business, the roles and purposes of I/O psychology in international business, the history of I/O psychology, and recommendations for international businesses and international organizations that do not have an internal department of industrial and organizational practitioners.

The purpose of this chapter serves two intentions, with the primary one being scholar-practitioners who have qualified reference material regarding the subject matter, and the secondary one being business executives and undergraduate/graduate business students who require the same reference material. I proposed this chapter also serves an additional intention, being scholars-scholars focused on those scholars who will reflect upon the referenced knowledge and information, and further contribute to this area via future research, and thus utilized by future scholars and practitioners. Taking these three intentions into consideration, I objectively realized and acknowledged that the degrees and levels of acceptance from these candidates<sup>1</sup> in turn, do and will indeed vary. Upon objectively accepting the fact that these candidates' knowledge regarding industrial and organizational psychology as a field of study, and industrial and organizational psychologists as practitioners in the field of business and global business ventures, a detailed but brief background of industrial and organizational psychology necessary.

The reason for the necessity for a detailed but brief background of industrial and organizational

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