

COMMENTARY

An expanding organizational mindset benefits all I-O psychologists

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As practitioners who are advisors, adjunct faculty, and guest speakers to graduate programs in industrial-organizational (I-O) psychology, we are often asked by students what makes this discipline different from others. Beyond the focus on evidence-based practice, we tell them that this profession prepares us to think in another very distinctive way: We are equipped to scale the ladder from intra- and interpersonal focus, to group and team focus, to understanding business and functional units, and to the enterprise and organizational-level perspective. Rather than approach our clients like a hammer that sees everything as a nail, we have a broad toolkit, one that enables us to work across a wide range of perspectives. We appreciate that Schneider and Pulakos (2022) call for more focus on the organizational level, and although this has not received sufficient attention in I-O psychology research, it is part of our everyday work.

We are two practitioners who engage in organizational-level consulting but in very different ways. One is a sole practitioner who tends to work at the C-suite where organizational performance, transformation, and strategy relative to other companies are always on the mind of clients. The other has been a member of three of the largest management consulting firms where attention to organizational research and performance has long been a standard operating practice. His opportunity has been to infuse I-O psychology discipline and perspectives into how that work is constructed and carried out, with both C-suite and business unit leadership. We briefly describe each in this commentary as a way of reinforcing the expanding mindset advocated by the focal authors.

Below are examples of how applied psychology consulting endeavors can require an organizational mindset.

I-O psychology working at the organizational level in strategy formulation and execution

Strategy execution is realized through the ensuing narrative of leadership priorities and action, which stem from interorganizational insights (Hambrick & Frederickson, 2005). The intraorganizational process of leadership, when following a strategy process, includes how we differentiate our company from competitors. We rely on between-company performance indicators, industry rankings, and the native beliefs of those whom we assume are close enough to the action to assess our company versus others. What if we researched the psychology of organizational differentiators? It's often a process of first identifying meaningful dimensions on which companies differ, then a rating or ranking process, and then a prioritization exercise as to which dimensions will lead to the greatest effect if addressed. I-O psychology could likely bootstrap what we know about individual judgements and team decision making, integrating that with attention to outcomes that matter most for a particular company, industry, or clientele.

Imagine how the wealth management industry would respond if we could help them better understand the psychology of their evolving target market, how customer experience of a firm affects brand and customer behavior, and critical financial metrics? And if you could provide that service to a client, imagine how receptive they would also be to our expertise on talent management?

I-O psychology at the industry and organizational level of strategic workforce planning

A colleague describes the use of scenario-planning techniques to guide strategic workforce planning (SWP) in a high-growth company situated in a volatile environment (E. Goldberg, personal communication, 2022). You might think of this as consulting in the classic VUCA (volatile, uncertain, complex, ambiguous) setting. Traditional SWP is often an analytic process of anticipating attrition so replacements can be commensurate with exit, although thought is also given to the changing nature of how to staff open positions (build talent, buy or hire, borrow or contract out, 'bot' or automate tasks). However, this I-O psychologist first anchors everything around how a given scenario can affect the company's competitive positioning and market vulnerability, and, from that point of reference, what they need to do in an agile sense to address staffing needs. It requires an I-O psychology professional who can rapidly facilitate dialogue that integrates a variety of STEP (social, technological, economic, political) shifts in an industry to identify the implications for the company's readiness to compete under such conditions and how to organize and leverage talent to be competitive.

I-O psychologists can be more effective executive coaches when we embrace organizational mindset

Coaching psychologists who work with C-suite level clients must themselves be able to leverage an organizational mindset, more commonly referred to as enterprise-wide perspective. From the first meeting the coach's credibility may rise and fall on their curiosity and ability to engage in organizational and industry level conversation. This then cascades to other levels of thinking and action, whether that is leading talent, driving organizational performance, or managing complex psychological dynamics among senior leaders and across business units. However, the price of entry is being ready and able to address what we believe drives organizational performance and competitive advantage (Sokol, 2021).

In each of the above examples, an organizational level mindset increases credibility with clients and bolsters discussion of internal organizational processes, whether these are leading the business, addressing team and interorganizational dynamics, or planning the workforce. Organizational-level research, particularly addressing psychological phenomena occurring at this level, can only amplify the quality of the services we provide.

What about integrating I-O psychology into settings where an organizational mindset and business research is already in play? We now consider experience doing just that and opportunities to apply recommendations from the focal article.

Organization development and change

The organizational focus is self-evident in this label. Most large-scale change efforts fail to bring the results, meet the expected timetable on which the investment is built, or both. Depressingly, this hasn't changed much since Kotter's (1995) iconic *Harvard Business Review* article, "Why Transformation Efforts Fail." Moreover, the common denominator of failures is typically ascribed to people and culture, not technology.

In the authors' experience, many line managers without I-O psychology training or familiarity with established practices assume that organization development and change (ODC) is a do-it-yourself undertaking. But it is not: Historical results prove the point.

A well-known body of empirical evidence would help not only those managers but also the I-O psychology community. The evidence would help us make obvious the linkage of our efforts to the things that clients care about deeply. We learned from the Society for Industrial and Organizational Psychology Survey report (Silzer et al., 2020) that of all the topics I-O psychology subsumes, the greatest need for "more research" was in organization development and change. To that end, a summary of empirical research on the effectiveness of ODC practices is forthcoming in Bazigos ([in press](#)). Evidence comes in two levels of organizational analysis: intraorganizational and interorganizational. The former compares different units within a single organization, typically to identify drivers of performance related to people. The latter typically compares either different organizations within a given industrial sector with each other, for example, pharmaceuticals, or an organizational function across different organizations, for example, R&D units within competing pharmaceutical organizations.

Intraorganizational analysis

In our experience, many senior managers harbor, rightly or wrongly, the idea that their organizations are unique. They may only suspect it, prompting curiosity, or they may believe it strongly. In either case, the logical consequence is that benchmarks, best practices from leading organizations, or cross-company research will not necessarily apply to their very especially unique organization (as they see it). This prompts the need to test whether relationships between predictors and outcomes hold up in "*this particular company*." Enter intraorganizational analysis.

Our example comes from a global telecommunications organization. After several years of managing an enormous postmerger integration of organizational cultures, two questions emerged: "What have we learned about ourselves?" and "Are we still working the right drivers?" To answer these questions, we analyzed the change drivers and performance data of 136 different units subsuming the majority of the company's 92,000+ employees. Although we found that progress on all drivers contributed to higher performance, stepwise hierarchical regression demonstrated that improvement of employee perceptions of *team leaders* was the clearly the most consequential. (There were nine other potential drivers in this analysis.) Happily, the main finding corresponded to a significant investment in manager development the organization had already been making. The content of the development was directed precisely at equipping participants to lead well, specifically in times of challenge and change (not in steady state).

Because the finding was plainly explainable, it was readily accepted.

Interorganizational analysis

The following is an example of an ongoing research project with data collected at the organizational level of analysis that can also be analyzed at the unit level (business unit, department level, function, etc.). Well-structured analyses featuring criterion variables that senior management uses to steer their organizations win ready buy-in and help to guide the contours of the change effort.

Our focal example is the analysis of change dynamics based on internal surveys of 650 change efforts and over 1.5 million employee participants over 2 decades based on a proprietary consulting firm's dataset (Accenture's "Transformation GPS"). Data are collected via an anonymous survey, which asks questions written to collect both observations of the organization and emotional context. There are 10 scales representing drivers (conceptual independent variables), two scales measuring context (moderators), and two scales measuring business performance and progress toward realizing benefits of the change effort (conceptual dependent variables). These are supplemented by objective performance data at the organizational level: publicly

reported financial performance. Scale reliabilities are high (Cronbach's $\alpha > .80$), and the multiple correlation between predictors and outcomes is meaningful and significant ($R^2 = .64, p < .05$).

There is one critical difference between this and other employee surveys, for example, employee involvement or employee engagement: All data were collected during the heat of the transformation effort. Therefore, these data would not necessarily generalize to organizations that are not undergoing planned, sustained transformation.

Interesting as this research approach may be to the I-O psychology community, the most compelling aspect for our clients is the finding that organizations reaching the highest of four defined stages of ODC capability have three times higher earnings before interest, taxes, and amortization (EBITDA) on a multiyear basis as compared with those not reaching that stage (Bazigos et al., 2019). Our clients also value understanding where they rank among their competitive peer set in terms of ODC capabilities.

We have also used cross-lagged panel correlations of the type pioneered by Ben Schneider to provide evidence of causal relationship between drivers in our model with return on invested capital, as reported by publicly traded companies in our database.

With credibility established, we then help clients navigate the transformation effort. Nobody ever measured their way to success; the magic is in the action: Our mantra is "Measure–Prioritize–Act." We customize this using structured equation modeling (SEM), through which we can offer differentiated guidance to companies at the enterprise or unit level as appropriate. SEM results allow us to establish in which of the 10 actionable drivers to intervene, which is typically a subset of drivers that carry the greatest leverage, in which order (sequence matters), and for how long.

Concluding thoughts

Through research and consulting experience, we can personally validate all five of Schneider and Pulakos's (2022) methods issues: assumed generalizability, individual differences mindset, meaningful data access, valid criteria, and less familiarity with new methods. On the latter, the use of natural language processing, combined with web-scraping text comments and machine-learning models, can include postmerger integration, employee value propositions, organizational culture, DEI benchmarking, and many other organization-level uses (for a full discussion, see Duan & Bazigos, 2022).

As the authors remind us, organizational research "may require foregoing the highest level of gold standard measurement that I-O Psychologists notoriously demand" (p. 28). We believe that the relevance of organizational research buys I-O psychologists access to the C-suite, which will forego the "gold standard" if they're confident that a "silver standard" still applies. Methodology purists will no doubt have noticed that the *n*-to-*p* ratio of the foregoing example was only 13.6:1 (136 cases and 10 drivers). But the client team, composed of engineers well versed in multivariate statistics and quite capable of critique on other occasions, were satisfied that the research was robust enough to justify continuing to invest in the change effort.

We believe this example is instructive, and in line with that of the focal authors. As I-O psychologists, we can bring research to gain access and, once accepted, help elevate the level of research and discourse.

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