

# FOUNDATIONS OF ORGANIZATIONAL BEHAVIOR



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**By:**

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# PREFACE

In today's complex and dynamic business environment, understanding human behavior within organizations is essential. Organizational Behavior (OB) is a field that combines management functions with the psychology of leading and managing people. It provides critical insights into how individuals and groups interact within organizational settings. This eBook, "Foundations of Organizational Behavior," serves as a comprehensive guide to understanding and applying OB principles in the workplace. By exploring the dynamics of individual and group behavior, students will gain the knowledge and skills needed to navigate and improve organizational effectiveness. The study of OB is interdisciplinary, drawing from psychology, sociology, anthropology and management. This blend of perspectives helps students develop a well-rounded understanding of how to manage people effectively in various organizational roles. Through this eBook, students will not only learn about key theories but also how to apply them in real-world scenarios. The insights gained will enhance their ability to lead, collaborate and make informed decisions in the workplace. We hope this eBook provides valuable knowledge and practical tools to help you succeed in your journey of mastering organizational behavior. Welcome to a learning experience that will empower you to contribute to more dynamic and productive organizational environments.

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# **FOUNDATIONS OF ORGANIZATIONAL BEHAVIOR**

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# **CHAPTER 1**

## **INTRODUCTION TO ORGANIZATIONAL BEHAVIOR**



## THE CONCEPT OF ORGANIZATIONAL BEHAVIOR

### The Definition of Organizational Behavior

Organizational Behavior (OB) is a multidisciplinary field of study that investigates how individuals, groups and structures impact behavior within organizations. The primary objective of OB is to apply this knowledge to improve an organization's effectiveness. This field draws on theories and principles from various behavioral sciences to understand and manage organizational dynamics effectively.

### The Significance of Organizational Behavior

Understanding OB is crucial for several reasons:

- **Improving Organizational Effectiveness**

By studying OB, managers can implement strategies that enhance productivity and organizational performance.

- **Predicting Employee Behavior**

OB provides tools and frameworks to predict how employees are likely to behave in different situations, helping managers to respond appropriately.

- **Enhancing Employee Well-being**

Through the study of OB, organizations can create environments that promote employee satisfaction, leading to lower turnover and higher productivity.

## Major Behavioral Science Disciplines that Contribute to Organizational Behavior Studies

Organizational Behavior is an applied behavioral science that integrates insights from various disciplines, primarily psychology, social psychology, sociology and anthropology. Psychology mainly contributes to the individual or micro level of analysis, while the other disciplines enhance our understanding of macro concepts such as group processes and organizational dynamics. Exhibit 1-1 is an overview of the major contributions to the study of organizational behavior.

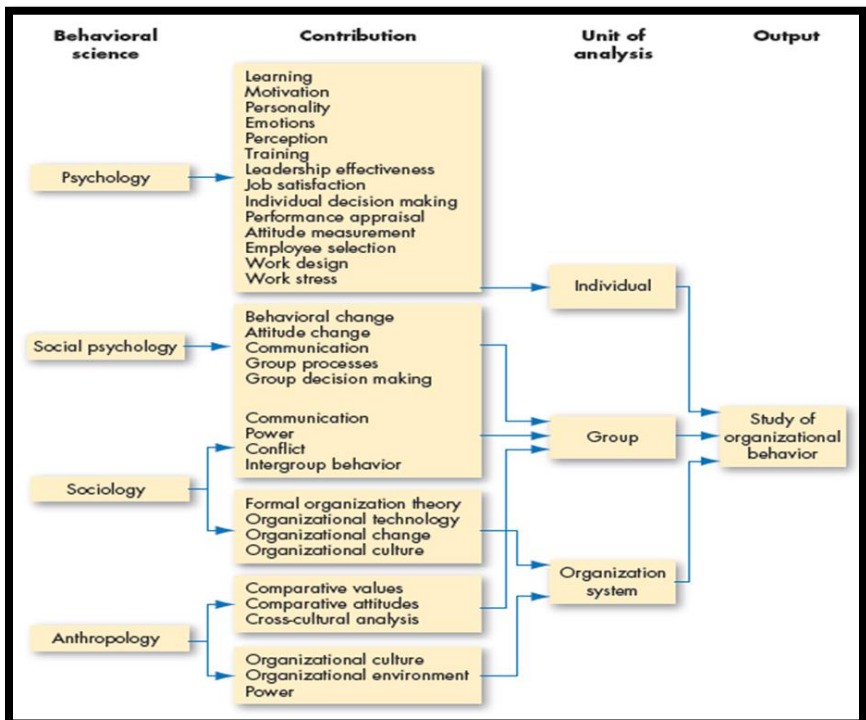
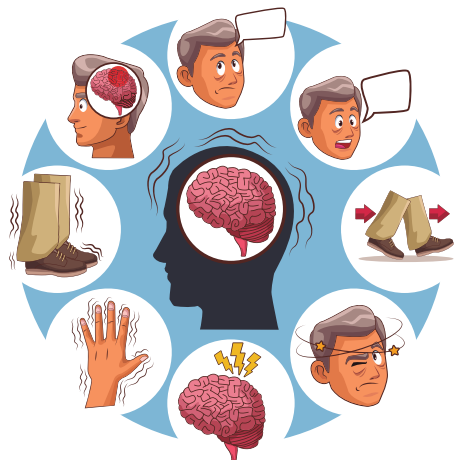


Exhibit 1-1 Toward an Organizational Behavior Discipline

Exhibit 1-1 illustrates the interdisciplinary nature of Organizational Behavior (OB), highlighting how various behavioral sciences contribute to our understanding of behavior within organizations. The exhibit breaks down these contributions into four primary disciplines which are Psychology, Social Psychology, Sociology and Anthropology. Each discipline contributes uniquely to the study of OB by focusing on different units of analysis includes individual, group and organization system.

## Psychology

Psychology is the science that aims to measure, explain and occasionally modify the behavior of humans and other animals. Psychology provides insights into individual behavior by focusing on aspects such as learning, motivation, personality, emotions, perception and training. It also addresses issues related to leadership effectiveness, job satisfaction, decision-making and stress management. The primary focus of psychology in OB is on the individual level. The output of these analyses helps in understanding how individuals' function within an organization, thereby contributing to the overall study of OB.



## Social Psychology

Social psychology bridges the gap between psychology and sociology, focusing on how individuals interact within groups. It covers areas like behavioral change, attitude change, communication, group processes and group decision-making. This discipline primarily examines the group level by understanding group dynamics and decision-making processes, social psychology contributes to the study of OB by explaining how group behavior influences organizational outcomes.



## Sociology

Sociology examines the social systems within an organization, including formal organizational theory, technology, change and culture. It explores communication patterns, power structures, conflict and intergroup behavior. Sociology focuses on both the group and organizational system levels. The insights from sociology help in understanding how organizational structure and culture impact behavior and performance at a broader level.



## Anthropology

Anthropology offers a cultural perspective, focusing on comparative values, attitudes, cross-cultural analysis and organizational environment. It provides a deep understanding of organizational culture and the influence of cultural differences on behavior. Anthropology looks at the organization system level. This contribution aids in the study of OB by explaining how culture and environmental factors shape organizational behavior and effectiveness.



## ORGANIZATIONAL BEHAVIOR MODEL

### Three Levels of Analysis in Organizational Behavior

Organizational Behavior (OB) examines three primary levels of analysis: individual, group and organizational. These levels are understood through the framework of inputs, processes and outcomes which help in analyzing the dynamics within an organization.

#### a. Individual Level

- **Inputs**

At the organizational level, the inputs include the overarching organizational structure and culture. These elements set the stage for how an organization operates and interacts with its environment.

- **Processes**

At this level, processes encompass an individual's emotions, moods, motivation, perception and decision-making. These processes determine how an individual responds to various situations within the organization.

- **Outcomes**

The outcomes at the individual level include job satisfaction, task performance, organizational citizenship behavior and withdrawal behaviors such as absenteeism and turnover.

## **b. Group Level**

- **Inputs**

Group structure, roles and team responsibilities are the primary inputs. These are generally established either when a group is formed or as it evolves over time. Organizational culture and norms also play a significant role in shaping group dynamics.

- **Processes**

Communication, leadership, power dynamics, politics and conflict resolution are key processes at the group level. These processes determine how effectively a group functions and how it achieves its objectives.

- **Outcomes**

The primary outcomes at the group level are cohesion and overall group functioning. These outcomes measure the group's ability to work together and achieve collective goals.

**c. Organizational Level**

- **Inputs**

At the organizational level, the inputs include the overarching organizational structure and culture. These elements set the stage for how an organization operates and interacts with its environment.

- **Processes**

The processes at this level include organizational practices like human resource management, change management and strategic initiatives. These processes ensure that the organization can adapt and thrive in a dynamic environment.

- **Outcomes**

Organizational level outcomes focus on broader measures of success, such as overall profitability, market share and long-term survival of the organization. These outcomes reflect the effectiveness of the organization as a whole

## THE CHALLENGES AND OPPORTUNITIES IN APPLYING ORGANIZATIONAL BEHAVIOR CONCEPTS

Managers face several challenges and opportunities when applying OB concepts:

### ☐ **Responding to Economic Pressure**

In challenging economic times, effective management is crucial. Managers must make difficult decisions, such as layoffs, while keeping employees motivated and minimizing stress.

### ☐ **Responding to Globalization**

With increased globalization, managers must handle foreign assignments, work with diverse teams, and adapt to different cultural norms.

### ☐ **Managing Workforce Diversity**

As organizations become more diverse, managers must navigate the complexities of a heterogeneous workforce, ensuring inclusion and equity.

### ☐ **Improving Customer Service**

A customer-responsive culture is essential. Employee attitudes and behavior significantly impact customer satisfaction.

### ☐ **Improving People Skills**

Effective people skills are critical for managerial success. OB provides the necessary concepts and theories to predict and manage employee behavior.

### ❑ Working in Networked Organizations

As organizations become more networked, managers must adopt new techniques to lead and motivate virtual teams.

### ❑ Enhancing Employee Well-being

With the global workforce operating around the clock, managers must balance the demands of work and personal life to prevent burnout and dissatisfaction.

### ❑ Creating a Positive Work Environment

A positive work environment can lead to competitive advantages by fostering employee resilience and unlocking potential.

### ❑ Improving Ethical Behavior

Managers must navigate ethical dilemmas and create an ethically healthy climate. Leading by example and implementing codes of ethics are essential for maintaining organizational integrity.

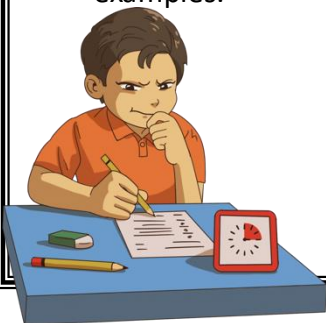


## SUMMARY : INTRODUCTION TO ORGANIZATIONAL BEHAVIOR

Organizational Behavior is a critical field that helps managers and organizations thrive in a complex, globalized world. By understanding the principles of OB, managers can better predict employee behavior, manage diverse teams and create positive work environments that enhance both employee well-being and organizational effectiveness. As you delve deeper into the study of OB, remember that the ultimate goal is to apply this knowledge to improve organizational performance and create a more harmonious and productive workplace.

### QUESTIONS FOR REVIEW

1. Discuss any **TWO (2)** major discipline that contributes to organizational behaviors.
2. Explain **THREE (3)** basic organizational behavior with relevant examples.





## **CHAPTER 2**

# **ATTITUDES AND JOB SATISFACTION**



## UNDERSTANDING EMPLOYEE ATTITUDE

### Defining Attitude

Attitude is defined as an evaluative statement or judgment concerning objects, people, or events. It reflects how we feel about something. For example, when you say, "I like my job," you are expressing your attitude about your work.

### The Components of Attitude

Attitude consists of three main components:

#### i. Cognitive Component

This refers to the opinion or belief segment of an attitude. It represents the way things are perceived or believed. For example, thinking "My pay is low" reflects the cognitive aspect of an attitude.

#### ii. Affective Component

This involves the emotional or feeling segment of an attitude. It reflects how one feels about something, such as feeling anger about low pay.

#### iii. Behavioral Component

This relates to an intention to behave in a certain way toward someone or something. For instance, deciding to look for a new job due to dissatisfaction with current pay.

## Major Job Attitudes

There are several major attitudes related to jobs that significantly impact employee behavior and organizational outcomes:

### ☐ Job Satisfaction

This is a positive feeling about a job resulting from an evaluation of its characteristics. Employees with high job satisfaction tend to have positive feelings about their work, while those with low satisfaction have negative feelings.

### ☐ Job Involvement

This refers to the degree to which a person identifies with their job, actively participates in it, and considers performance important to their self-worth. High job involvement means that an individual strongly identifies with and cares about the kind of work they do.

### ☐ Organizational Commitment

This is the degree to which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization. High organizational commitment means that employees are less likely to engage in work withdrawal even if they are dissatisfied.

## EXPLORING JOB SATISFACTION

### The Definition of Job Satisfaction

Job satisfaction is defined as a positive feeling about a job resulting from an evaluation of its characteristics. It reflects how content an individual is with their job.

### Causes of Job Satisfaction

Job satisfaction can be influenced by several factors:

#### ☐ Job Conditions

Interesting jobs that provide training, variety, independence, and control satisfy most employees. Elements like interdependence, feedback, social support, and positive interaction with co-workers are strongly related to job satisfaction.

#### ☐ Personality

Personality plays a significant role in job satisfaction. Individuals who have positive core self-evaluations (CSE) and believe in their inner worth and competence are generally more satisfied with their jobs than those with negative self-evaluations.

#### ☐ Pay

Although pay does influence job satisfaction, its impact is often smaller than expected once an individual reaches a comfortable living standard. While pay correlates with overall happiness, it is not the sole determinant of job satisfaction.

## ❑ Corporate Social Responsibility (CSR)

CSR refers to an organization's self-regulated actions to benefit society or the environment beyond what is required by law. While CSR can enhance job satisfaction, its impact depends on how meaningful the CSR activities are to the employees and whether participation is voluntary or perceived as genuine.

## The Impact of Satisfied and Dissatisfied Employee at Workplace

### a. Employee Responses to Job Dissatisfaction

Employees can express job dissatisfaction in various ways:

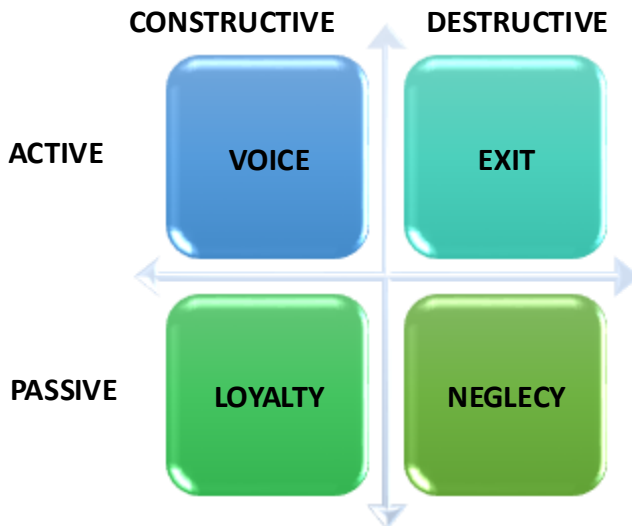


Exhibit 2-1 Responses to Dissatisfaction

☞ **Exit:** This involves behaviors directed toward leaving the organization, such as looking for a new position or resigning. The impact of this response is often measured by examining individual terminations and collective turnover.



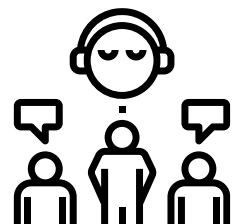
☞ **Voice:** This is characterized by actively and constructively attempting to improve conditions, such as suggesting improvements, discussing problems with superiors, or participating in union activities.



☞ **Loyalty:** This involves passively but optimistically waiting for conditions to improve, speaking up for the organization in the face of external criticism, and trusting that management will “do the right thing.”



☞ **Neglect:** This response includes passively allowing conditions to worsen, often seen in chronic absenteeism, reduced effort, and increased error rates.





## Outcomes of Job Satisfaction and Dissatisfaction

Job satisfaction and dissatisfaction can lead to various outcomes:

### ☐ **Job Satisfaction and Job Performance**

There is a positive correlation between job satisfaction and job performance. Happy workers are more likely to be productive.

### ☐ **Job Satisfaction and Organizational Citizenship Behavior (OCB)**

Satisfied employees are more likely to engage in OCB, which involves going above and beyond their job requirements to help the organization.

### ☐ **Job Satisfaction and Customer Satisfaction**

Satisfied employees often lead to increased customer satisfaction and loyalty.

### ☐ **Job Satisfaction and Absenteeism**

There is a consistent but moderate-to-weak negative relationship between job satisfaction and absenteeism.

### ☐ **Job Satisfaction and Turnover**

A pattern of lowered job satisfaction is a predictor of possible intent to leave the organization.

### ☐ **Job Satisfaction and Workplace Deviance**

If employees are dissatisfied with their work environment, they may engage in workplace deviance, such as reducing their effort or violating norms.

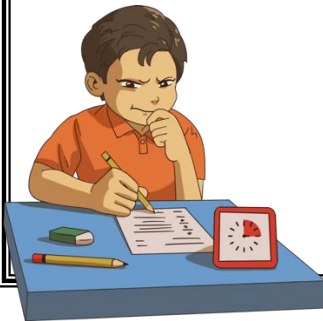
## **SUMMARY : ATTITUDES AND JOB SATISFACTION**

This chapter highlights the importance of personality and values in the workplace. It explains that understanding personality traits, like those in the Big Five Model, helps managers predict how employees will behave and interact. This knowledge can improve teamwork and productivity. The chapter also emphasizes that values, our core beliefs and principles guide our actions and decisions. When a person's values align with the organization's values, it leads to greater job satisfaction and commitment. In summary, recognizing the role of personality and values enables managers to create a better work environment. By incorporating these concepts into hiring and team-building, organizations can enhance performance and employee happiness.

## QUESTIONS FOR REVIEW



1. Identify **THREE (3)** major job attitude in organizational behaviors.
2. Apply the **THREE (3)** components of attitude with the relevant examples at work.



ANSWER

SCAN ME





## CHAPTER 3

### PERSONALITY AND VALUES



## EMPLOYEE PERSONALITY

### The Definition of Personality

Personality refers to the unique and relatively stable patterns of behavior, thoughts and emotions shown by individuals. It encompasses the characteristics that distinguish one person from another and dictates how they typically respond to various situations.

### Personality Determinants

The determinants of personality are factors that shape the way individuals think, feel, and behave. These determinants include biological, cultural, family, social and situational influences. Each plays a distinct role in forming the complex traits that define an individual's personality.

#### ☐ **Biological Factors**

Biological factors are foundational to personality, as they include inherited traits and physical characteristics. Key components of biological influence include:

- **Heredity**

This refers to genetic factors passed from parents to children, influencing aspects such as physical appearance, temperament, reflexes and even certain behavioral predispositions. Studies in behavioral genetics suggest that genes significantly affect traits like aggression, sociability and emotionality.

- **Brain structure and chemistry**

Research has indicated that specific brain regions, neurotransmitters and hormones can impact personality traits. For example, differences in brain chemistry are associated with extroversion and introversion, impacting sociability, mood regulation and risk tolerance.

- **Physical attributes**

An individual's external appearance, such as height, attractiveness or even body type, can affect personality. These traits influence self-perception, which in turn shapes interactions with others and impacts self-confidence, assertiveness and social behavior.

- **Biofeedback**

Biofeedback refers to the process of gaining greater awareness of physiological functions with the goal of being able to manipulate them at will. This capability, though not directly forming personality, allows individuals to manage stress responses, potentially fostering resilience and self-control, which can influence personality traits.

## ❏ **Cultural Factors**

Culture has a profound impact on personality development, influencing attitudes, beliefs and behavior patterns. Major cultural factors include:

### ▪ **Societal norms and values**

Each culture has unique expectations and norms that define acceptable behavior. For example, some cultures prioritize collectivism and cooperation, while others emphasize individualism and personal achievement. These cultural values can shape traits like competitiveness, assertiveness or empathy.

### ▪ **Early conditioning**

Early exposure to cultural norms and practices affects how individuals perceive the world and themselves. Children raised in societies with strong familial bonds might develop a greater sense of responsibility toward family members and respect for authority.

### ▪ **Subcultural influences**

Within broader cultures, subcultures, such as ethnic or religious groups, also play a role. Each subculture has specific expectations that can influence personality traits, such as the tendency toward conformity, independence or resilience in the face of adversity.

## ❏ **Family Factors**

Family is one of the most influential forces in shaping early personality by the following factors:

### ▪ **Parenting style**

Parents' approaches to raising their children (authoritative, authoritarian, permissive or neglectful) strongly impact personality development. For instance, children raised with an authoritative style may develop higher self-esteem and independence, while those from authoritarian environments may be more disciplined but also more reserved or anxious.

### ▪ **Identification and modeling**

Children often imitate their parents' behaviors, attitudes, and values. Identification can occur through shared activities, verbal reinforcement, or simply observing parents. This process influences personality traits such as empathy, work ethic, and conflict resolution.

### ▪ **Family dynamics and siblings**

Siblings contribute to the development of personality by providing early socialization. Birth order, rivalry and cooperation can all shape traits like competitiveness, leadership and compassion.

## ❏ **Social Factors**

Social factors encompass the influences of peer groups, schools, and societal interactions on personality. These factors include:

### ▪ **Socialization process**

From an early age, social interactions teach individuals acceptable behavior within a group or society. The process of socialization begins in childhood, but it continues throughout life, with each new environment offering opportunities for learning and adaptation.

### ▪ **Role models and mentors**

Relationships with mentors, educators, or influential peers introduce individuals to various traits, such as ambition, integrity, and perseverance. These influences can inspire certain behaviors and values, which contribute to personality development.

### ▪ **Community and societal influence**

Larger social environments, such as schools, neighborhoods and communities, introduce shared values and collective expectations. Individuals who raised in a supportive community may develop traits like trust and cooperation, while those in high-conflict areas may develop self-reliance or vigilance.

## ❏ **Situational Factors**

Situational factors underscore the impact of context on personality expression. While core personality traits remain relatively stable, specific situations can evoke different responses.

### ▪ **Environment and immediate circumstances**

Situations requiring adaptation can lead to shifts in behavior, which can temporarily alter the expression of personality traits. For example, an introverted individual might behave more assertively in a leadership role when necessary.

### ▪ **Role expectations**

When an individual assumes a particular role such as manager, parent and student, expectations associated with that role can modify behavior. For example, a normally reserved person may become more assertive in a supervisory role to meet the job's demands.

### ▪ **Life events and stressors**

Life events, such as marriage, career changes or health crises, may result in long-term changes to personality. For instance, challenging experiences can lead to increased resilience and adaptability, while prolonged stress might heighten traits like anxiety or irritability.

## The Instruments Used to Classify Individual's Personality

The Myers-Briggs Type Indicator (MBTI) and the Big Five Model are two widely recognized frameworks for understanding personality. Both are used in various settings to assess individual personality traits and predict how people will interact, make decisions and perform in work environments.

### a. The Myer-Briggs Type Indicator

The Myers-Briggs Type Indicator (MBTI) is a personality assessment tool developed by Katharine Briggs and her daughter, Isabel Briggs Myers. Based on Carl Jung's theory of psychological types, the MBTI is used to understand individual preferences in how people perceive the world and make decisions. The MBTI categorizes personality into 16 distinct types based on four key dichotomies:

#### ➤ Extraversion (E) vs. Introversion (I)

- Extraverts are energized by interaction with others, thrive in social situations and prefer external stimulation.
- Introverts are energized by solitude, often introspective, and prefer deep, focused interactions over large social gatherings.

#### ➤ Sensing (S) vs. Intuition (N)

- Sensing (S) individuals focus on details, facts and tangible information. They prefer concrete, practical approaches and trust information they can directly observe.
- Intuitive (N) individuals focus on patterns, possibilities and

abstract information. They are big-picture thinkers who rely on their imagination and intuition.

➤ **Thinking (T) vs. Feeling (F)**

- Thinking (T) types make decisions based on logic, analysis and objective criteria. They prioritize fairness and consistency.
- Feeling (F) types prioritize empathy, values and personal connections when making decisions. They are more focused on harmony and the impact on people.

➤ **Judging (J) vs. Perceiving (P)**

- Judging (J) individuals prefer structure, organization and planning. They are decisive and prefer clear expectations.
- Perceiving (P) individuals are more spontaneous and flexible, preferring to keep options open and adapt as situations evolve.

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**b. The Big Five Model**

The Big Five Personality Model, also known as the Five-Factor Model (FFM), is a widely researched and accepted framework in psychology for understanding personality traits. Unlike the MBTI, which categorizes personality into types, the Big Five Model assesses personality across five independent dimensions. Each dimension represents a continuum, allowing individuals to possess varying degrees of each trait.

### ➤ Openness to Experience

- Openness reflects a person's creativity, curiosity and willingness to embrace new experiences. **High openness** can lead to creative, open-minded and eager to explore new ideas and cultures. However, **low openness** can lead to conventional, prefer routine and may be more resistant to change.

### ➤ Conscientiousness

- Conscientiousness relates to reliability, organization and attention to detail. People with **high conscientiousness** is a responsible, dependable and goal-oriented, often meticulous and hardworking person. Instead, people with **low conscientiousness** will be more spontaneous, flexible and may struggle with structure and deadlines.

### ➤ Extraversion

- Extraversion assesses the level of sociability, energy and assertiveness in interactions. People with high extraversion is an outgoing, energetic and thrive in social situations. However, people with low extraversion (introversion) is reserved, quiet and may prefer solitary activities or small gatherings.

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### ➤ Agreeableness

- Agreeableness measures an individual's tendency toward cooperation, trust, and kindness. High agreeableness person will be cooperative, compassionate and value harmony. They are often considerate and empathetic. A low agreeableness is more competitive, critical and may prioritize self-interest over group consensus.

### ➤ Neuroticism (Emotional Stability)

- Neuroticism reflects emotional resilience and the tendency to experience negative emotions. An individual with high neuroticism is prone to anxiety, mood swings and stress. They may struggle with self-confidence. A low neuroticism (emotional stability) individual will be more calm, resilient and better equipped to handle stress and setbacks.

## VALUES IN ORGANIZATION

### The Definition of Values

In organizational behavior, values are defined as basic convictions or beliefs that a specific way of behaving or an end-goal is preferable to its opposite. These convictions are both personal and collective, affecting individual behaviors as well as group dynamics within an organization.

## The Importance of Value

Values play a crucial role in shaping organizational culture, influencing employee behavior and aligning actions with broader organizational goals. Here are some ways in which values are important in an organizational context:

### ❑ Guiding Behavior and Decision-Making

Values act as a set of informal rules that guide daily decisions and behaviors. For instance, a company valuing "integrity" will expect employees to act honestly and transparently, even when facing challenging situations.

### ❑ Enhancing Cohesion and Identity

Shared values unify employees, creating a sense of belonging and collective purpose. When employees identify with the values, they feel connected to the organization and its goals.

### ❑ Influencing Attitudes, Motivation and Job Satisfaction

Values such as honesty, respect, and responsibility contribute to ethical decision-making. Organizations that emphasize ethical values are more likely to foster a culture of accountability and trust.

### ❑ Supporting Adaptation and Resilience

Values help organizations adapt to changes in the business environment. For example, values like "innovation" and "flexibility" allow an organization to embrace new ideas and adjust strategies in response to market demands.

## The Types of Value

Values can be broadly categorized into **terminal values** and **instrumental values**. These categories reflect different aspects of how individuals and organizations view desirable outcomes (terminal values) and preferred behaviors or means to achieve those outcomes (instrumental values).

### ❑ Terminal Values

Terminal values are the desired end-states or outcomes that individuals and organizations strive to achieve. These values represent the ultimate goals or objectives that an individual or organization aims for in life or business. The example of terminal value include prosperity and economic success, freedom, health and well-being, social recognition and respect as well as meaning in life. Terminal values provide motivation by representing the "why" behind an individual's or organization's actions. They reflect long-term aspirations and contribute to the overall mission and purpose.

### ❑ Instrumental Values

Instrumental values refer to the preferred methods or behaviors that help individuals and organizations achieve their terminal values. These values outline the "how" and guide actions, strategies and interpersonal interactions. The examples of instrumental values include integrity, responsibility, innovation and creativity, kindness and respect as well as self discipline. Each individual or organization places value on both terminal and instrumental values, creating a

balance between the outcomes they wish to achieve and the behaviors they use to reach those goals.

## EMPLOYEE PERSONALITY AND VALUES TO THE WORKPLACE

Employee personality and values significantly impact their workplace performance, satisfaction and overall fit within their roles and the organizational culture. Two prominent theories that examine this alignment are John Holland's Personality-Job Fit Theory and the Person-Organization Fit concept.

### a. John Holland's Personality-Job Fit Theory

John Holland's Personality-Job Fit Theory proposes that job satisfaction and a reduced likelihood of turnover are achieved when there is a match between an individual's personality and the type of work they do.

#### The Six Personality Types in Holland's Theory

According to Holland, people and work environments can be classified into six personality types.

Exhibit 3-1 explained on the suitable jobs which match with the personality types.



Personality Types	Descriptions	Examples of Suitable Jobs
Realistic (R)	People with this personality type prefer practical, hands-on work involving physical tasks, often in settings requiring mechanical skills or physical coordination. They tend to be straightforward, practical and good at handling tools or machinery.	Engineer, electrician, mechanic, farmer.
Investigative (I)	Investigative individuals enjoy thinking, analyzing and problem-solving. They prefer intellectual, scientific or analytical pursuits and tend to be curious, precise and independent.	Scientist, mathematician, researcher, data analyst.
Social (S)	Social personalities are drawn to roles that involve helping, teaching or interacting with others. They are empathetic, patient and skilled at communication.	Teacher, counselor, nurse, social worker.
Conventional (C)	Conventional types prefer structured tasks and are detail-oriented, orderly and comfortable with following set procedures. They are typically organized, practical and conscientious.	Accountant, banker, administrative assistant, data entry clerk.
Enterprising (E)	Enterprising individuals are natural leaders who enjoy persuading others and achieving goals. They are confident, ambitious and assertive, often thriving in competitive environments.	Sales manager, lawyer, business executive, entrepreneur.
Artistic (A)	Artistic types are expressive and value creativity and flexibility. They often prefer environments that allow self-expression, imagination, and unconventional approaches.	Graphic designer, writer, musician, interior decorator.

Exhibit 3-1 Holland's Typology of Personality and Congruent Occupations

## **Personality-Job Fit and Job Satisfaction**

Holland's theory suggests that when there is alignment between a person's personality type and their work environment, the individual is likely to experience greater job satisfaction, better performance, and longer tenure in that role. For instance, an Investigative individual working in a research position is likely to find fulfillment because the job allows them to apply analytical skills and satisfy their intellectual curiosity. Conversely, if a Social person is placed in a highly isolated role with limited human interaction, they may feel dissatisfied, unmotivated and potentially look for a position that better aligns with their personality.

## **Benefits of Personality-Job Fit for Organizations**

Organizations benefit from applying Holland's theory in the following ways:

- Employees whose personalities align with their job roles tend to be more effective and committed, which boosts organizational productivity and enhance the employees' performance.
- When employees feel well-suited to their roles, they are less likely to leave the organization which can reduce turnover costs.
- Placing employees in roles that match their personalities fosters a work environment where individuals feel engaged and valued, leading to a more cohesive, positive and motivated workforce.

**b. Person-Organization Fit Theory**

While Personality-Job Fit focuses on aligning personality traits with job roles, the Person-Organization Fit theory emphasizes the compatibility between an individual's values, beliefs, and goals with the broader organizational culture and values. Person-Organization Fit goes beyond the job role and examines how well an employee's overall personality aligns with the organization's mission, ethics, and work style.

**Key Aspects of Person-Organization Fit Theory****❑ Value Alignment**

Values are core to the concept of Person-Organization Fit. For instance, an employee who values teamwork and collaboration will thrive in an organization that prioritizes a team-oriented culture. Conversely, individuals who value independence may feel stifled in highly collaborative settings.

**❑ Cultural Compatibility**

Each organization has a unique culture that defines its norms, practices, and expectations. Employees who align with the company culture tend to be more satisfied and engaged. For instance, a highly innovative and adaptive organization may appeal to individuals with high levels of openness to experience, while those with lower openness may prefer organizations with a more predictable environment.

### ❑ Shared Goals

An employee's personal and professional goals should ideally complement the organization's objectives. When employees feel that the organization's mission aligns with their own, they are more likely to commit to the company's success and contribute meaningfully to its growth.

### **Benefits of Person-Organization Fit Theory for Organizations**

- Employees who feel that their values align with the organization's culture are more likely to experience job satisfaction and organizational commitment. This alignment fosters a sense of belonging and shared purpose, motivating employees to contribute to the organization's success.
- When employees identify with the organization's mission and values, they are more likely to remain loyal. High person-organization fit often leads to lower turnover rates, as employees feel connected to the organization beyond their immediate job role.
- When there is alignment between personal values and organizational values, employees feel empowered to bring their best selves to work. This congruence leads to a productive and positive workplace, as employees are more likely to go beyond their job requirements to support the organization's objectives.

## SUMMARY : PERSONALITY AND VALUES

In summary, understanding personality and values in the workplace enables organizations to foster a positive environment where employees feel aligned, motivated, and satisfied in their roles, ultimately enhancing productivity and retention. Balancing both person-job and person-organization fit is essential for creating a successful and resilient workplace.



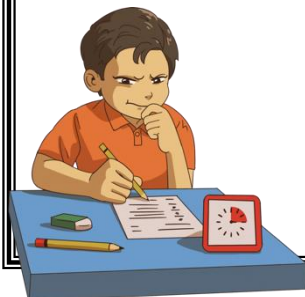
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## QUESTIONS FOR REVIEW



1. Describe any **THREE (3)** determinant factors of personality.
2. Apply **TWO (2)** of the Myer-Briggs Type Indicator (MBTI) that are related to the preference on how to make the decision.



ANSWER

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# **CHAPTER 4**

## **GROUPS, TEAMS AND DECISION MAKING IN ORGANIZATION**



## THE CONCEPT OF GROUP IN ORGANIZATION

### The Definition of Group in Organization

A group in an organizational setting is defined as two or more individuals interacting and depending on each other to achieve a specific objective. Groups play a crucial role in organizational behavior, providing the foundation for teamwork and collective problem-solving.

### Types of Group

In organizational settings, groups are categorized based on their formation, purpose and characteristics. Two primary types of groups are:

#### ❑ Formal Group

Formal groups are established by the organization to achieve specific goals. These groups have clear structures, roles and responsibilities. Their purpose is aligned with the organization's objectives. For example; command groups are determined by the organizational chart such as a marketing department or a project team. Task groups are formed to accomplish a specific task like a project management team or a committee planning an event. In real world, a sales team is a formal group with the responsibility to meet sales target and contribute to the company's revenue.



## Characteristics of Group

### a. **Organized by the company**

The organization deliberately creates formal groups for a defined task or project.

### b. **Structured**

Formal groups have designated roles, such as a leader, team members, or subcommittees.

### c. **Objective-driven**

Their purpose is aligned with the goals of the organization, and they often have specific deliverables and timelines.

### ☐ **Informal Group**

Informal groups are naturally formed by employees, typically for social or personal reasons. These groups arise from shared interests, friendships or social activities and they are not structured by the organization. For example; groups of employees who regularly have lunch together, colleagues who form a running club or a book club outside of work hours. In the real world , a group of employees from different departments who meet after work for a social gathering, building camaraderie and informal networks is called as informal groups.

## Characteristics of Informal Group

### a. Self-formed

Informal groups are created voluntarily by individuals based on common interests or relationships.

### b. Flexible structure

There is no formal hierarchy or defined roles. These groups function through personal interactions.

### c. Social purposes

The primary purpose is social interaction, emotional support, or friendship rather than achieving organizational goals.

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## Stages of Group Development in the Five Stage Model

Groups evolve over time through distinct phases that impact their dynamics and effectiveness. Psychologist Bruce Tuckman proposed a Five-stage Model to explain this development process. These stages are:

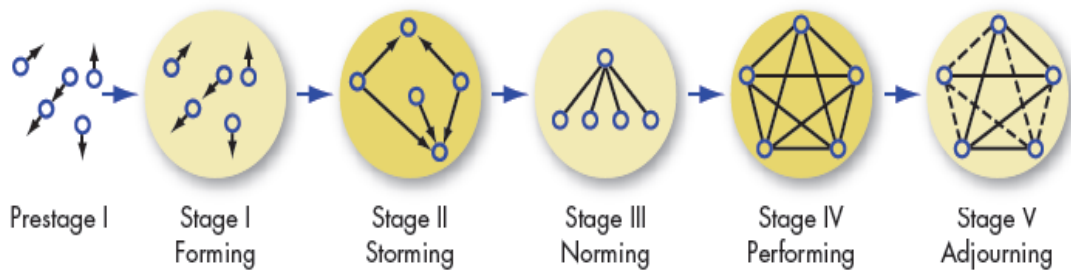


Exhibit 4-1 : Stages of Group Development

### ❑ **Forming Stage**

The forming stage is the initial phase where group members come together for the first time. There is uncertainty about roles, responsibilities and the group's overall purpose. During this stage, group members are getting to know each other. There is often a lack of clear direction or understanding of group objectives. The focus of this stage is on orientation, relationship-building and establishing ground rules. The group members begin identifying themselves as part of the team, though productivity is low because the group is still organizing itself.

### ❑ **Storming Stage**

The storming stage is characterized by conflict and competition as group members begin to assert themselves. Different personalities and opinions may lead to disagreements about the group's goals or how work should be completed. At this stage, members challenge each other's ideas and leadership. Conflicts arise as individuals push boundaries and struggle with task assignments. The power struggles and clashing personalities are common. Groups that successfully resolve conflicts emerge stronger with clearer roles and responsibilities. If unresolved, the group can remain stuck in this stage.

### ❑ **Norming Stage**

In the norming stage, group members resolve their conflicts and establish norms and expectations. Cohesion and cooperation increase as the group begins to operate more smoothly. The relationships strengthen and trust is built among members. The group members start to align on their goals and methods of achieving them. Clear norms and procedures are established for how the group will function. In the end, the group achieves harmony, a sense of unity and members feel a sense of belonging. Productivity starts to rise as the group works together more effectively.

### ❑ **Performing Stage**

During the performing stage, the group is fully functional and focuses on achieving its goals. This is the most productive stage, where members work collaboratively to accomplish tasks and solve problems. The group operates efficiently and cohesively with high levels of trust and interdependence among members. The focus is entirely on task completion, with little time spent on interpersonal issues. The group achieves high performance, meets objectives and functions with minimal conflict. Members understand their roles and communication is open and effective.

### ❑ Adjourning Stage

The adjourning stage occurs when the group disbands after achieving its goals. This stage is common for temporary or project-based groups. The group wraps up tasks and prepares for disbandment. Members may experience a sense of loss or nostalgia as the group comes to an end. Focus shifts to reflecting on the group's accomplishments and sharing feedback. At the end of this stage, group members part ways after reflecting on their successes and experiences. Some may stay connected socially, but the formal group comes to an end.

The five stages of group development reflect the natural progression that groups undergo as they form, resolve conflicts, develop norms and perform tasks. The process is not always linear, and some groups may revisit earlier stages or skip phases depending on circumstances. However, understanding these stages helps managers and team leaders guide groups toward better performance and stronger cohesion.



## THE CONCEPT OF TEAM IN ORGANIZATION

### The Definition of Team in Organization

Teams are specialized groups within organizations designed to achieve specific goals through collaboration and collective effort. Unlike general groups, teams are characterized by their interdependent tasks, shared responsibilities and mutual accountability for outcomes. Understanding the dynamics of teams is crucial for enhancing productivity, fostering innovation and achieving organizational success.

### Types of Team

#### ☐ Problem Solving Teams

Problem solving teams are created to address and resolve specific organizational issues. They focused on diagnosing problems, generating solutions and implementing changes. For example; a team tasked with improving customer service response times.

#### ☐ Self-managed Work Teams

Self-managed work teams are operating without direct supervision, managing their own tasks and processes with high level of autonomy, responsible for setting goals, scheduling work and monitoring performance. For example; a quality control team that independently handles inspections and process improvements.

### ❑ Cross Functional Teams

Cross functional teams consist of members from different departments or functional areas. They bring diverse perspectives and expertise to address complex tasks or projects. For example; a product development team that includes members from R&D, marketing, finance and production.

### ❑ Virtual Teams

Virtual teams were geographically dispersed teams that rely on digital communication tools to collaborate. They utilize technology for meetings, project management and communication which they often operate across different time zones. For example; an international sales team coordinating strategies through video conferencing and collaborative software.



## THE EFFECTIVENESS BETWEEN GROUP AND INDIVIDUAL DECISION MAKING

Criteria	Group Decision Making	Individual Decision Making
<b>Accuracy</b>	More accurate due to diverse perspectives and cross-verification.	Accuracy depends on the individual's expertise; risk of oversight.
<b>Speed</b>	Slower because of the need for discussion, debate, and consensus.	Faster, as decisions are made without the need for consultation.
<b>Creativity</b>	Typically, more creative due to brainstorming and diversity of ideas.	Less creative, limited to the individual's own perspectives.
<b>Degree of Acceptance</b>	Higher acceptance, as more people are involved in the decision-making process.	Lower acceptance, especially if others were not involved.

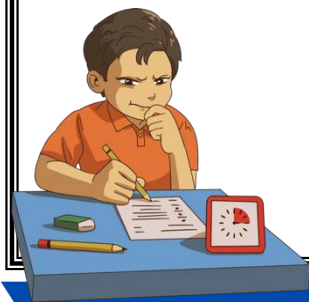


## SUMMARY : GROUPS, TEAMS AND DECISION MAKING IN ORGANIZATION

Groups and teams are crucial in organizations. Groups involve individuals working together, while teams have shared goals and require collaboration. Formal groups are created by the organization, while informal groups form naturally for social purposes. Groups typically go through five stages: forming, storming, norming, performing and adjourning. Teams can be functional, cross-functional, self-managed, virtual or problem-solving. Group decision-making tends to be more accurate and creative, but slower, while individual decisions are quicker but may lack diverse input. Both approaches contribute to organizational success by enhancing collaboration and problem-solving.

### QUESTIONS FOR REVIEW

1. Identify **TWO (2)** types of groups in an organization.
2. Based on Bruce Tuckman's Model, elaborate **FIVE (5)** stages of group development.



ANSWER





## **CHAPTER 5**

### **POWER AND POLITICS**



## THE CONCEPT OF POWER IN ORGANIZATION

### The Definition of Power in Organization

Power and leadership, though interconnected, have distinct differences.

Power is about influence and capacity of one individual (A) to get another (B) to act according to A's wishes. Leadership,



on the other hand, focuses on achieving organizational goals through influence that encourages goal compatibility between leaders and followers.

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### Types of Power

Power in organizations can generally be categorized into two major types: formal power and personal power. These two categories influence how individuals in organizations lead, manage and navigate power dynamics.

#### ☐ Formal Power

Formal power is derived from one's position within the organization. It includes coercive, reward and legitimate power. Formal power tends to be institutional and is often backed by organizational structure.

## ❑ Personal Power

Personal power stems from an individual's personal characteristics rather than their position in the organization. It includes expert power and referent power, both of which come from personal skills, knowledge or charisma.



## The Five Bases of Power

### ❑ Coercive Power

Coercive power is based on fear and the ability to inflict punishment or withhold rewards. It can be physical, emotional or social in nature. For example; a manager threatening to demote an employee if they do not complete their tasks on time. This can create a hostile work environment where compliance is driven by fear of repercussions. This may lead to short-term compliance; coercive power often results in resentment and poor morale. Over-reliance on coercive power can backfire, leading to high employee turnover or disengagement. There is a consistent but moderate-to-weak negative relationship between job satisfaction and absenteeism.

### ❑ Reward Power

Reward power is based on the ability to distribute rewards that others find valuable, including salary increases, promotions or

recognition. For example; A sales manager offering a bonus to the team member who exceeds their quarterly sales targets. This can motivate employees to perform better. This power is generally effective in motivating people to achieve their goals. However, if rewards are not distributed fairly, it can lead to perceptions of favoritism and cause division within teams.

### ❑ **Legitimate Power**

Legitimate power stems from the official position held in the organizational hierarchy. It is the authority granted to a person by the organization to make decisions. For example; a CEO issuing a directive that impacts the entire company. Employees comply because of the CEO's formal authority. The legitimate power works well in structured environments, where it is only effective if the power is perceived as legitimate. If employees do not respect the authority figure, compliance will weaken.

### ❑ **Expert Power**

Expert power arises from possessing specialized knowledge or skills. It is a form of personal power. For example; an IT specialist being consulted by colleagues for advice on complex technical issues. The specialist's expertise in software systems gives them influence over decisions, even though they may not hold a formal

leadership role. The expert power can be highly effective, especially in knowledge-driven industries. It fosters trust and respect but may be limited if the expertise becomes outdated or irrelevant.

### ❑ **Referent Power**

Referent power comes from being liked, admired or respected. It is often linked to charisma or personal traits that inspire others to follow. For example; a popular team leader who is admired for their leadership style and work ethic. Employees follow their direction because they want to emulate or please them. Referent power is extremely potent in fostering loyalty and commitment. However, it can diminish if the individual's personal traits no longer resonate with followers.

## **Nine Power or Influence Tactics in Organization**

These tactics describe how individuals convert their power bases into action and influence others within an organization:

### ❑ **Legitimacy**

Using one's position of authority or citing organizational rules to influence others. For example; a manager explaining that a decision complies with company policies to get team members on board with a project. This will work well in formal environments but can lead to resistance if overused or perceived as bureaucratic.

### ☐ **Rational Persuasion**

Using logical arguments and factual evidence to convince others. For example; a head of department justifying a budget increase by presenting data on projected return on investment. Rational persuasion is one of the most effective tactics, especially when the audience is analytical or values evidence-based decisions.

### ☐ **Inspirational Appeals**

Appealing to an individual's emotions, values or ideals to gain support. For example; a leader motivating the team by linking a project's success to the company's vision and broader mission. It is highly effective when followers are motivated by shared values, especially in creative or visionary projects.

### ☐ **Consultation**

Involving others in the decision-making process to gain their support. For example; a project manager asking the team for input on how best to meet a tight deadline, thus securing their buy-in. Consultation fosters collaboration and tends to create commitment. It is especially effective when the individual values inclusivity and participation.

### ☐ **Exchange**

Offering something of value in return for compliance. For example; offering an employee a desirable task or a day off in exchange for working late on a project. Exchange can be effective in short-term

situations but may not build long-term loyalty or engagement.

#### ☐ **Personal Appeals**

Requesting compliance based on personal relationships or loyalty. For example; a manager asking a colleague to stay late to finish a report as a personal favor. Personal appeals will work well when there are strong personal bonds, but frequent use can strain relationships.

#### ☐ **Ingratiation**

Using flattery or friendly behavior before making a request. For example; complimenting a colleague's recent work before asking them to assist on a project. Ingratiation can work in the short term, but if perceived as manipulative, it can erode trust.

#### ☐ **Pressure**

Using demands, threats or intimidation to influence others. For example; a manager threatening disciplinary action if an employee does not meet a deadline. Pressure tactics tend to backfire, creating resentment and resistance over time.

#### ☐ **Coalitions**

Gaining support from others to influence the target. For example; a group of employees uniting to advocate for a policy change to upper management. Coalitions are effective when collective bargaining is required, but they can also polarize groups if overused.

## THE CONCEPT OF ORGANIZATIONAL POLITICS

### The Definition of Organizational Politics

Political behavior refers to actions that are not formally required by one's role but are intended to influence the distribution of resources or decision-making in the organization. This behavior can be legitimate political behavior and illegitimate political behavior.

### Types of Political Behavior

#### ☐ Legitimate Political Behavior

Legitimate Political Behavior is an action that align with the norms of the organization, such as networking or forming alliances to advance career goals. For example; seeking informal feedback from colleagues before a performance review.

#### ☐ Illegitimate Political Behavior

Illegitimate Political Behavior is an action that violate ethical or organizational norms such as backstabbing, withholding information or spreading rumors. For example; sabotaging a colleague's work to gain a competitive advantage for a promotion.

## The Causes and Consequences of Political Behavior

Exhibit 5-1 Factors that Influence Political Behavior

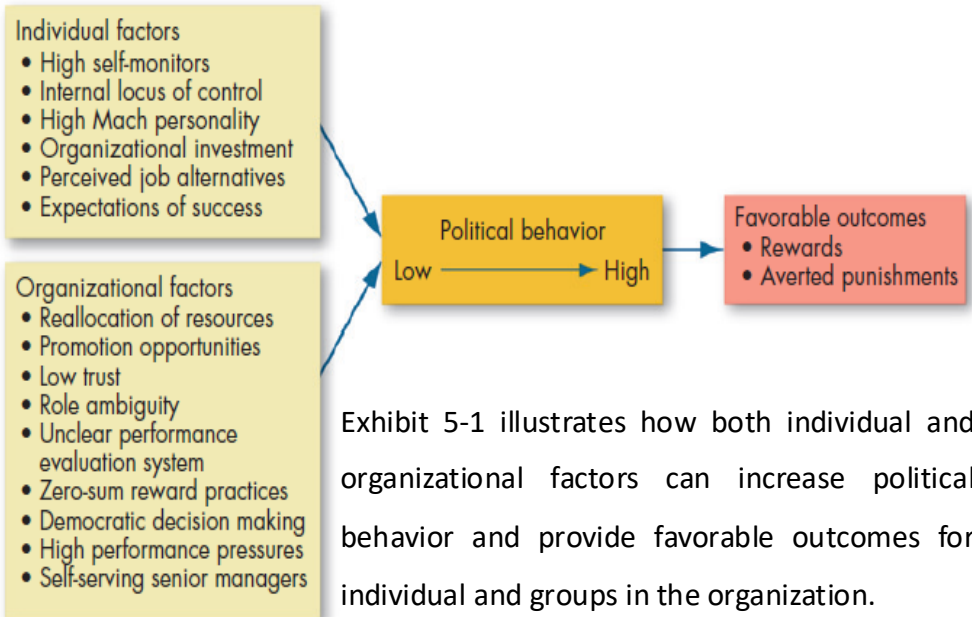


Exhibit 5-2 Employee Responses to Organizational Politics

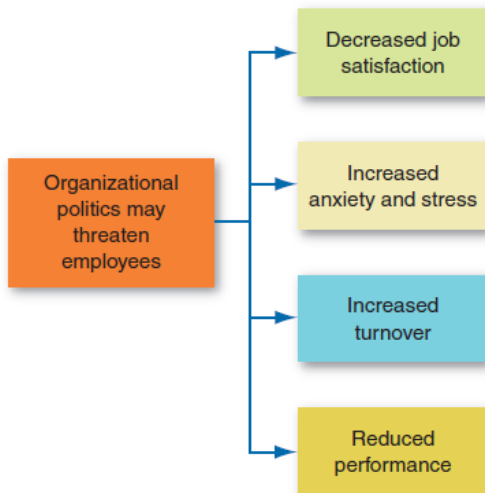


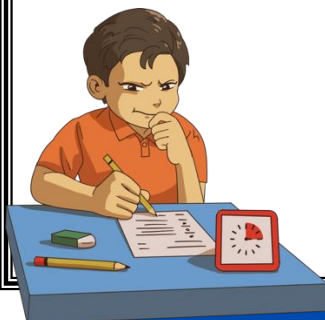
Exhibit 5-2 shows that perceptions of organizational politics reduce job satisfaction, increasing stress and anxiety. This sense of unfairness can lower performance and may lead employees to quit.

## SUMMARY : POWER AND POLITICS

Power is the ability to influence others, and it comes from sources like authority, expertise, and control over resources. The five main bases of power are coercive, reward, legitimate, expert and referent power. Influence tactics, such as persuasion and coalition building, help individuals exert power, while organizational politics involves unsanctioned actions aimed at advancing personal interests. While political behavior can help navigate complex environments, it often leads to negative outcomes like reduced job satisfaction, higher stress and lower performance. High levels of politics can create perceptions of unfairness, demotivating employees and increasing turnover.

### QUESTIONS FOR REVIEW

1. Define power and politic in an organization
2. Explain **FIVE (5)** bases of power
3. Explain how leaders use nine influence tactics and their contingencies to achieve their objectives





# **CHAPTER 6**

## **CONFLICT AND NEGOTIATION**



## CONFLICTS IN ORGANIZATION

### The Definition of Conflict

In organizations, conflict is characterized as a process that begins when one party believes that another party has or will have a detrimental influence on something that the first party values.

### The Traditional View of Conflict

This view sees all conflict as inherently harmful and believes it should be avoided.

It attributes conflict to issues such as poor communication, lack of trust and unresponsive management. Traditional conflict was often associated with violence, destruction and irrational behavior.



### The Human Relation View of Conflict

This perspective acknowledges conflict as a natural occurrence in all groups and suggests that it should be managed rather than eliminated. It implies that conflict can contribute positively when handled effectively.

### The Interactionist View of Conflict

This modern view considers conflict not only beneficial but necessary for effective group performance. It suggests that some conflict keeps groups dynamic, self-critical, open to change and promotes creativity.

## The Conflict Process

The conflict process in organizations can be divided into several stages, each with unique characteristics and contributing factors:

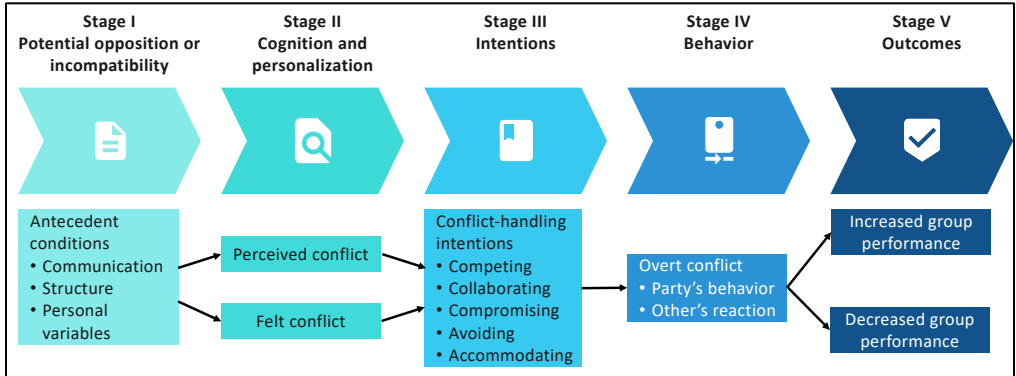


Exhibit 6-1 : The Conflict Process

### Stage I : Potential Opposition or Incompatibility

The first stage of conflict is when conditions such as the reasons or sources that give it the chance to occur, appear. Conflict does not have to result directly from these conditions, but it must arise from one of them. The conditions are divided into three groups: personal variables, structure and communication.

#### ❑ Communication

Misunderstandings, noise and semantic differences in communication can lead to conflict.

#### ❑ Structure

Factors such as group size, specialization, leadership style, reward systems, and inter-group dependence can influence the potential for conflict.

## ❑ Personal Variables

Differences in personality, emotions and values can create conflict, especially in individuals who are high in traits like disagreeableness or neuroticism.

### Stage II : Cognition and Personalization

In the second stage, the possibility of opposition or incompatibility becomes real if the circumstances in Stage I adversely impact something that one party values. It is necessary for one or more parties to be aware of the existence of the antecedent conditions. Once one side learns of the conditions that may cause conflict, the conditions may be interpreted as **perceived conflict**. On the other hand, the condition may be at the **felt conflict** when emotional involvement in a conflict results in sensations such as anxiety, tenseness, frustration or hostility. Since bad emotions can breed mistrust and cause people to misunderstand the intentions of others, emotions are important.

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### Stage III : Intentions

This stage requires determining how to respond in order to discern the intentions of others. Exhibit 6-2 depicts the basic conflict-handling intentions. Using two dimensions: **cooperativeness** (the degree to which one side seeks to meet the other party's concerns) and **assertiveness** (the degree to which one party tries to satisfy his or her own concerns).

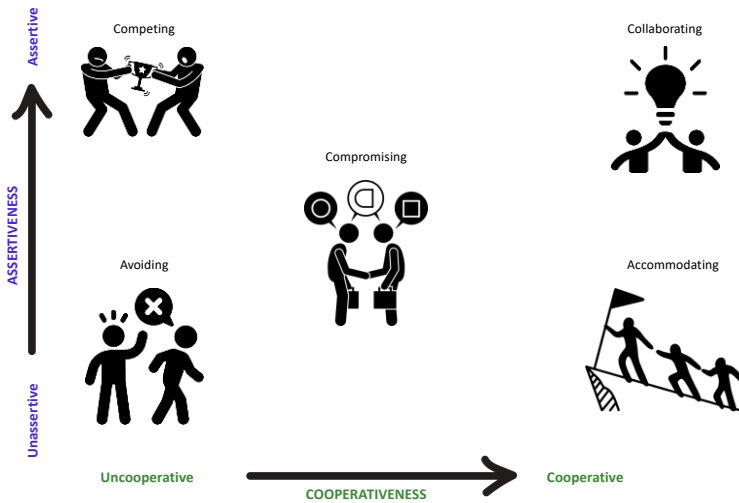


Exhibit 6-2 : Dimensions of Conflict-Handling Intentions

### Five Conflict-Handling Intentions:

#### ❑ **Competing (Assertive and uncooperative)**

A desire to satisfy one's interest regardless of the impact on the other party to the conflict. For example, in a project team, two team leaders both want the role of "Project Coordinator" because it carries higher visibility. One leader insists on taking the role without considering the other's qualifications or preferences. This individual competes aggressively for the position, prioritizing personal ambition over team dynamics.

#### ❑ **Collaborating (Assertive and cooperative)**

A situation in which the parties to a conflict each desire to satisfy fully the concerns of all parties. For example, two departments in

an organization want to expand their budget for new software. Rather than competing, the department heads collaborate to pool their budgets and negotiate a bulk discount. This approach allows both departments to get the software they need, benefiting the entire organization.

❑ **Avoiding (Unassertive and uncooperative)**

The desire to withdraw from or suppress a conflict. For example, a manager notices tension between two employees over a recent disagreement about project timelines. Instead of addressing the issue immediately, the manager decides to avoid the topic in hopes that it will resolve on its own. This approach, while sometimes appropriate, can leave issues unresolved and may lead to further conflict later.

❑ **Accommodating (Unassertive and cooperative)**

The willingness of one party in a conflict to place the opponent's interests above his or her own. For example, during a meeting, one team member strongly advocates for a specific approach to solving a problem. Although another member has a different solution in mind, they decide to accommodate the other's preference, putting the team's harmony above their own opinion to avoid further conflict.

❑ **Compromising (Midrange on both assertive and cooperative)**

A situation in which each party to a conflict is willing to give up

something. For example, two colleagues are assigned to work on a joint presentation. One wants to spend more time on visual design, while the other wants to focus on detailed data. They agree to split the presentation equally, dedicating half the time and resources to data and the other half to design, so each side gives up a bit to reach a middle ground.

### Stage IV : Behavior

This stage includes the actions taken by conflicting parties, which could manifest as statements, strikes, riots, or other forms of direct conflict behavior.

### Stage V : Outcomes

The action-reaction dynamic between opposing parties has implications. These consequences can be functional, if the disagreement enhances the group's performance which result in creativity and adaptability, or dysfunctional, if it degrades performance which can lead to stress, reduced group cohesion and inefficient decision-making.



## NEGOTIATION IN ORGANIZATION

### The Definition of Negotiation

Negotiation is the process by which two or more parties exchange resources and attempt to reach an agreement on how to allocate them. It often arises when parties need to decide on the division of scarce resources.

### Negotiation Strategies

There two general approaches to negotiation:

#### ☐ **Distributive Bargaining**

This is a win-lose approach, aiming to divide a fixed resource amount. It's competitive and often results in one party's gain being the other's loss. For example, negotiating the price of a used car.

#### ☐ **Integrative Bargaining**

This approach seeks win-win solutions by exploring the underlying reasons for each party's position, aiming for a solution that benefits both sides. For example, two siblings negotiating over an orange, where one wants the juice, and the other wants the peel.

## The Negotiation Process

The negotiation process follows these key steps:

### Step 1 : Preparation and Planning

Understand the conflict's nature, history, the involved parties, and their perspectives. Define goals and identify what you aim to achieve.

### Step 2 : Definition of Ground Rules

Establish guidelines on who will negotiate, the time and location, and any applicable constraints. Set the parameters and exchange initial proposals or demands.

### Step 3 : Clarification and Justification

Here, each party explains and justifies its initial demands, providing an opportunity for deeper understanding of the issues.

### Step 4 : Bargaining and Problem Solving

The core of negotiation, where give-and-take happens as parties work towards an agreement, making concessions as needed.

### Step 5 : Closure and Implementation

Finalizing the agreement and setting up the procedures to implement and monitor it. In formal settings, this may involve a contract, while in informal cases, a handshake might suffice.

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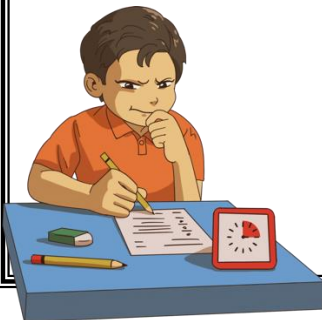
## SUMMARY : CONFLICT AND NEGOTIATION

Conflict and negotiation are integral aspects of organizational dynamics. Effective management of conflict and skilled negotiation contribute to healthy organizational environments, fostering cooperation, innovation, and problem-solving capabilities among teams and individuals.



### QUESTIONS FOR REVIEW

1. Explain conflict in the context of organization.
2. Differentiate any **TWO (2)** transition in conflict thought.





## **CHAPTER 7**

# **ORGANIZATIONAL CULTURE AND CHANGE**



## THE CONCEPT OF ORGANIZATIONAL CULTURE

### The Definition of Organizational Culture

Organizational culture refers to the shared meanings, values, beliefs, and practices that distinguish one organization from another. The key characteristics include innovation, risk-taking, people orientation, team orientation, aggressiveness and stability. These traits define how employees behave and how decisions are made within the company.

### Characteristics of Organizational Culture

#### ☐ **Innovation and Risk Taking**

The degree to which employees are encouraged to be innovative and take risks.

#### ☐ **Attention to Detail**

The degree to which employees are expected to exhibit precision, analysis and attention to detail.

#### ☐ **Outcome Orientation**

The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve them.

#### ☐ **People Orientation**

The degree to which management decisions take into consideration the effect of outcomes on people within the organization.

### ☐ **Team Orientation**

The degree to which work activities are organized around teams rather than individuals.

### ☐ **Attention to Detail**

The degree to which people are aggressive and competitive rather than easy going.

### ☐ **Stability**

The degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

## **The Functions of Culture**

Culture plays several roles in an organization:

- a. It helps define boundaries and create a distinction between different organizations.
- b. It fosters a sense of identity among members.
- c. Culture encourages commitment to the organization beyond self-interest, providing stability and direction.
- d. It also functions as a control mechanism guiding behaviors and attitudes.



## Sustaining Organizational Culture

Organizational culture requires continuous nurturing to remain aligned with the goals and values of the organization. There are three primary ways to sustain it:

### ❑ **Selection Process**

The selection process plays a critical role in maintaining the culture by hiring individuals whose personal values align with the organizational culture. During recruitment, candidates are assessed not only for their skills but also for how well their personal values and behavior fit with the organization's core values. The process allows both the organization and the applicant to determine compatibility, which helps in sustaining culture by avoiding mismatches.

### ❑ **Top's Management Actions**

Top management has a significant impact on culture by setting norms and acting as role models through their actions and decisions. Leaders influence acceptable behaviors regarding employee freedom, dress codes and performance rewards. Through their behavior, leaders communicate what is valued within the organization.

### ❑ **Socialization Process**

Socialization is the process by which new employees are integrated into the organization's culture.

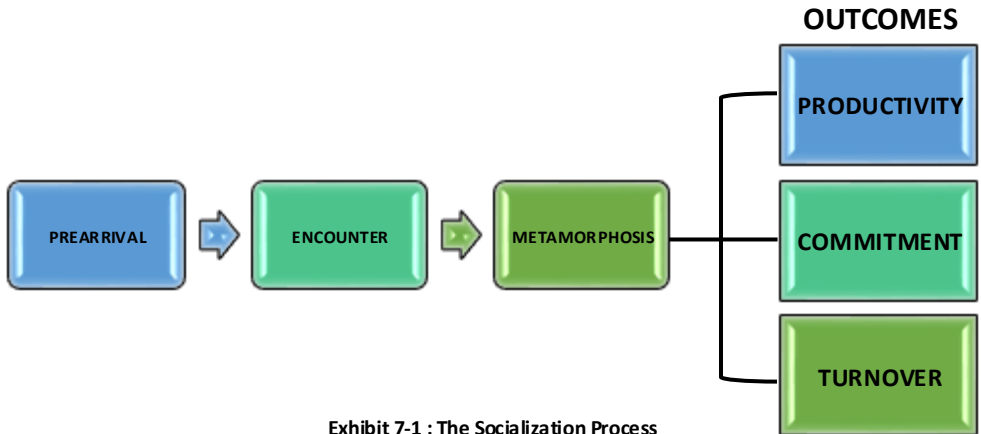


Exhibit 7-1 : The Socialization Process

Exhibit 7-1 shows the three stages of socialization process:

**i. Prearrival**

In pre arrival process, the newcomer will learn about the organization before joining.

**ii. Encounter**

During this stage, the newcomer will face the reality of the culture after joining, with possible discrepancies between expectations and reality.

**iii. Metamorphosis**

At this stage, the newcomer will adjust and adapt to the organization's culture, becoming fully integrated into the work environment.

## Methods to Transmit Organizational Culture to Employees

Culture is transmitted through various methods that help employees internalize the organization's values, practices and beliefs. Here are the key methods used to transmit organizational culture:

### ❑ **Stories**

Stories about an organization's history, founders and past challenges are powerful tools for transmitting culture. These stories help anchor present practices in historical context and legitimize current behaviors. For example, at Legacy Financial, employees often tell the story of how the company survived the financial crisis by sticking to its core values of integrity and long-term thinking. This narrative reinforces the importance of these values in current decision-making.

### ❑ **Rituals**

Rituals are repetitive activities that emphasize and celebrate the organization's values. These can be as simple as weekly meetings that highlight success stories or more elaborate events that bring the company together. For example, every year, Star Innovations hosts an "Innovation Week," where employees showcase new projects and ideas. This ritual reinforces the company's commitment to innovation and creativity.

### **Material Symbols**

Material symbols such as office layouts, uniforms or parking spots, convey important information about who is valued in the organization and what behaviors are expected. For example, at Open Office Inc., the CEO does not have a private office. Instead, they sit at a desk among the employees. This material symbol demonstrates the company's culture of egalitarianism and open communication.

### **Language**

Organizations often develop their own language, including jargon and acronyms to help members identify with the culture. Language serves as a means of uniting members, with new employees learning the unique terms to integrate into the organization.

## **CHANGE IN ORGANIZATION**

### **The Forces of Change**

"Change or Die!" is the catchphrase for today's managers worldwide. Exhibit 7-2 summarizes six specific forces that stimulate change in the organization.

FORCES	EXAMPLES
Nature of the workplace	More cultural diversity Aging population Increased immigration and outsourcing
Technology	Faster, cheaper and mobile computers and handheld devices Emergence and growth of social-networking sites Deciphering of the human genetic code
Economic shocks	Rise and fall of global housing market Financial sector collapse Global recession
Competition	Global competitors Mergers and consolidation Increased government regulation of commerce
Social trends	Increased environmental awareness Liberalization of attitudes towards gay, lesbian and transgender employees More multitasking and connectivity
World politics	Rising health care costs Negative social attitudes toward business and executives Opening of new markets worldwide

Exhibit 7-2 : Forces for Change

## Sources of Resistance to Change

Change is necessary for organizations to grow and stay competitive, but it often meets resistance. This resistance happens when people or systems feel uncomfortable, threatened or uncertain about the impact of a new change. Understanding why this resistance occurs helps leaders manage change more effectively, increasing the chances of a smooth transition.

Resistance can come from two main areas which are individual sources and organizational sources. Individual sources reside in human characteristics such as perceptions, personalities and needs. Meanwhile, organizational sources reside in the structural makeup of organizations themselves. Here's an expanded description based on each source.

### **Individual Sources of Resistance to Change**

#### **❑ Habit**

Habit is a powerful factor in how individuals cope with life's complexities. People rely on established habits or programmed responses to manage routine tasks and reduce mental effort. However, when a change occurs, these automatic responses can become a barrier, as people resist altering their ingrained behaviors. Change requires them to shift their established habits, which often feels uncomfortable and may be met with resistance.

#### **❑ Security**

For individuals who have a strong need for security, change can feel particularly threatening. These individuals prefer predictability and stability because it provides them with a sense of safety and control. Any change whether in job roles, work environment or responsibilities can feel like a threat to their sense of security, prompting resistance as they attempt to protect their stability.

### **Economic Factor**

Change, especially when it affects job roles or responsibilities, may lead to concerns about income or job security. Employees might fear that they would not be able to perform the new tasks or adapt to new routines, potentially leading to decreased productivity and a reduction in pay or job status. This economic fear can be a significant source of resistance, especially when pay is closely tied to performance metrics.

### **Fear of the Unknown**

Uncertainty is unsettling for many people. Change introduces ambiguity, as employees often do not know exactly what to expect or how their roles will be affected. This fear of the unknown can create anxiety, as people worry about how the change will impact them and whether they will be able to adapt to it successfully. Resistance in this case is a defense mechanism to avoid the unknown outcomes.

### **Selective Information Processing**

Individuals tend to process information selectively to maintain their current beliefs and perceptions. This means they hear what aligns with their existing views and ignore or downplay information that challenges those views. When change is proposed, employees

might focus on information that supports the current state and disregard details that advocate for change, leading them to resist the proposed changes.

## **Organizational Sources of Resistance to Change**

### **❑ Structural Inertia**

Organizations develop structures, processes and policies that are designed to ensure stability and consistency. These include selection processes, formalized rules and routines. This structural inertia acts as a stabilizing force but can become an obstacle to change. When change is proposed, these established structures resist it by nature, as they are designed to maintain the status quo.

### **❑ Limited Focus of Change**

Organizations consist of many interdependent subsystems. Changing one subsystem can have ripple effects on other areas. Often, changes are limited in scope, affecting only certain parts of the organization, while other parts remain unchanged. This limited focus can cause resistance, as the unchanged systems may nullify the effects of the change or create conflict, thus preventing the change from taking full effect.

### **Group Inertia**

Even if individual members are willing to adapt, group norms and standards can exert pressure to maintain existing behaviors. Group inertia means that members may resist change to conform to group expectations, creating a collective resistance. This group resistance can be a significant hurdle, as individuals may feel pressured to conform to the group's established routines and practices.

### **Threat to Expertise**

Organizational changes often involve shifts in roles and responsibilities, which may threaten the expertise of certain specialized groups. When organizational patterns are modified, they may reduce the value or demand for certain skill sets, leading those who possess such expertise to feel that their influence or job security is at risk. This perceived threat can lead them to resist the change to protect their status and influence.

### **Threat to Established Power Relationships**

Changes in decision making processes and organizational structure may redistribute power within the organization. This redistribution can threaten long standing power relationships, as new systems or policies may diminish the authority of certain individuals or departments. Those in power might resist the change to maintain

their influence, leading to organizational-level resistance.

### **Tactics to Overcome Resistance to Change**

Resistance to change is natural, but there are several strategies organizations can use to minimize opposition and ensure smooth transitions.

#### ☐ **Education and Communication**

Clear communication helps employees understand the logic behind the change and reduces resistance caused by misinformation. When employees receive all the necessary information, their fears can be alleviated.

#### ☐ **Participation**

Engaging employees in the change process increases their commitment and reduces resistance. Employees who participate in making decisions are more likely to support the change.

#### ☐ **Building Support and Commitment**

Offering support through counselling, training or temporary leave can reduce stress and increase commitment to the change. Building emotional commitment helps employees invest in the change rather than resisting it.

### ☐ **Develop Positive Relationship**

Trust in the managers implementing the change is crucial. Positive relationships make employees more open to change.

### ☐ **Implementing Changes Fairly**

Changes are more accepted when employees perceive the process as fair and consistent, especially when the outcome is negative.

### ☐ **Manipulation and Co-optation**

These tactics involve influencing key individuals who resist the change by giving them influential roles, though they carry risks if discovered.

### ☐ **Selecting People who Accept Change**

Some individuals are more predisposed to accept and adapt to change. Organizations can hire employees with positive attitudes toward change.

### ☐ **Coercion**

Direct threats or actions, such as transfers or negative performance reviews, can be used to enforce change, though this approach should be a last resort due to its potential to backfire.

## Common Approaches to Manage Organizational Change

Successful change management requires a structured approach. Below are some widely recognized models for managing organizational change:

### a. Lewin's Three Step Model of the Change Process

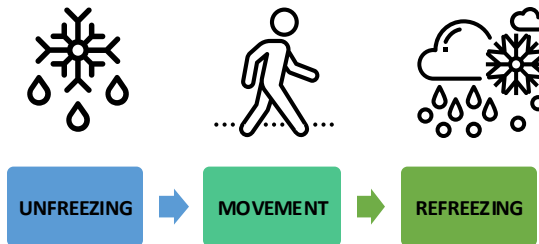


Exhibit 7-3 Lewin's Three-Step Change Model

Three steps are necessary for successful organizational change, according to Kurt Lewin; unfreezing the current situation, moving towards the intended end state and then refreezing the new change to make it permanent as shown in Exhibit 7-3.

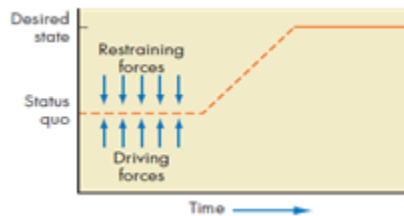


Exhibit 7-4 Unfreezing the Status Quo

WATCH VIDEO

SCAN  
HERE!



Based on Exhibit 7-4, status quo is an equilibrium state by definition. Unfreezing must occur in one of three ways in order to leave this equilibrium and go past the demands of both personal

resistance and social compliance. It is possible to strengthen the driving forces that steer behaviour away from the status quo. It is possible to lessen the restraining forces that prevent movement from the current balance. Combining the first two strategies is a third option. Businesses that have previously been successful are likely to face restraining forces because people doubt the necessity of change. Maintaining momentum is crucial once the movement stage starts. Organizations that enter and exit the movement stage swiftly do better than those that build up to change. Once a change has been put into place, it needs to be frozen again to be maintained throughout time. Without this final phase, employees would probably want to return to the former equilibrium level and the change will not persist long. Refreezing aims to balance the driving and restraining forces to stabilize the new condition.

#### **b. Kotter's Eight-Step Plan**

John Kotter's model provides a more detailed approach to managing change, breaking it down into eight steps include: creating a sense of urgency, forming powerful guiding coalitions, developing a vision and a strategy, communicating the vision, removing obstacles, empowering employees for action and generating short-term wins.



Exhibit 7-5 Kotter's Eight-Step Plan for Implementing Change

Relying on Exhibit 7-5, the first four steps Kotter outlines are essentially an extension of Lewin's "unfreezing" stage. Steps five, six and seven stand for "movement," while the last step focusses on "refreezing." Kotter has so contributed by giving managers and change agents a more thorough manual for bringing about change.

### c. **Organizational Development**

Organizational Development (OD) focuses on human and organizational growth through collaboration and engagement. OD techniques such as sensitivity training, survey feedback, process consultation and appreciative inquiry aim to improve organizational effectiveness and employee well-being by addressing conflicts, team dynamics and fostering positive attitudes. The change agent

may take the deal in OD, but there is a strong emphasis on collaboration. These are the underlying values in most OD efforts:

**a. Respect for people**

People are seen as responsible, diligent, and compassionate. They ought to be handled with respect and decency.

**b. Trust and support**

Trust, sincerity, transparency and a positive work environment are traits of a successful and healthy organization.

**c. Power equalization**

Hierarchical power and control are less important in effective organizations.

**d. Confrontation**

Issues must be addressed head-on rather than being ignored.

**e. Participation**

People who are impacted by a change will be more dedicated to seeing it through to completion if they are actively involved in the decision-making process.

There are six OD Techniques or interventions for bringing about change:

**a. Sensitivity Training**

Sensitivity training focuses on helping employees develop self-awareness and improve their interpersonal relationships.

It often involves group discussions guided by a professional facilitator.

**b. Survey Feedback**

The use of surveys to find differences in member perceptions. A debate and recommendations for solutions are then made.

**c. Process Consultation**

A consultation when a consultant helps a client discover procedures that require improvement and comprehend process events that they must deal with.

**d. Team Building**

Team-building exercises help improve relationships among team members, increase trust and boost performance.

**e. Intergroup Development**

OD attempts to modify the attitudes, perceptions, and preconceptions that groups hold about one another.

**f. Appreciative Inquiry (AI)**

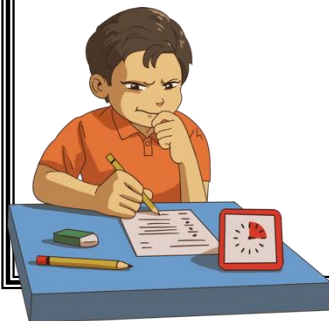
A technique aimed at identifying an organization's special strengths and distinctive characteristics that can be expanded upon to enhance performance.

## SUMMARY : ORGANIZATIONAL CULTURE AND CHANGE

Organizational culture and change are closely related. Although a strong culture encourages stability, it can also make change difficult if it opposes novel concepts. Organizational survival and growth depend on knowing how to manage change while maintaining culture. Leaders may successfully manage change and establish a resilient culture that fosters innovation and ongoing development by identifying the sources of resistance, utilizing organizational development methodologies, and implementing change management tactics.

### QUESTIONS FOR REVIEW

1. Describe any **TWO (2)** ways to sustain organizational culture.
2. Discuss **TWO (2)** methods to transmit organizational culture to employees.



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