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BBA | Semester I | UK1MDCMGT101

Organisational Behaviour

Course Code: UK1MDCMGT101 • Module 5 Notes

Module 5: Improving Organisational Performance, Culture and Change Governance

1. Organisational Power Dynamics and Political Processes

Power represents the capacity that person A has to influence the behavior of person B so that person B acts in accordance with A's wishes. While authority refers to the formal, institutional right to command based on organizational rank, power is a broader socio-psychological phenomenon that can operate upwards, downwards, or laterally without formal administrative sanction. The fundamental prerequisite of power is **Dependency**: the greater B's dependency on A (due to A controlling resources that are scarce, non-substitutable, and important to B), the greater power A possesses over B.

John French and Bertram Raven's Five Bases of Power

Social psychologists French and Raven categorized power into five distinct foundational bases:

- **1. Legitimate Power:** Arises from the formal structural position an individual occupies in the organizational hierarchy. Subordinates comply because they accept the institutional authority inherent in the title (e.g., a Chief Financial Officer authorizing fiscal disbursements).
- **2. Reward Power:** Grounded in an individual's ability to allocate positive economic or psychological rewards that others view as valuable (e.g., pay raises, promotions, prime work assignments, public commendations).
- **3. Coercive Power:** Rests on the application or threat of physical or psychological sanctions (e.g., suspension, demotion, termination, formal reprimands, undesirable shift assignments). Coercive power triggers compliance rooted in fear, but generates resentment and resistance if abused.
- **4. Expert Power:** Derives from possessing specialized knowledge, unique technical expertise, or critical problem-solving skills that the enterprise desperately requires (e.g., a specialized software architect or chief tax counsel). Expert power is personal rather than positional.
- **5. Referent Power:** Develops out of interpersonal admiration, charisma, and emotional identification. Others comply because they respect, admire, and desire to emulate the individual. It forms the psychological bedrock of transformational leadership.

Organizational Politics and Impression Management

Organizational politics refers to activities that are not required as part of an individual's formal role, but that influence, or attempt to influence, the distribution of advantages and disadvantages within the enterprise. Political behavior flourishes under conditions of ambiguous goals, scarce capital budgets, subjective performance metrics, and shifting power balances. Political tactics include coalition building, controlling information channels, creating obligations (networking reciprocity), and **Impression Management (IM)**—the process by which individuals attempt to control the impressions that others (particularly superiors) form of them through ingratiation, self-promotion, exemplification, and conformity.

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2. Organisational Culture: Architecture, Functions, and Socialization

Organisational Culture represents a system of shared meaning, core values, beliefs, and behavioral norms held by members that distinguishes the enterprise from other organizations. Culture operates as the organizational social glue that holds the institution together by providing appropriate standards for what employees should say and do.

Primary Characteristics of Organisational Culture

Cultural analysis evaluates enterprises across seven fundamental characteristics:

- **Innovation and Risk-Taking:** The degree to which employees are encouraged to be innovative, experiment boldly, and take calculated operational risks without fear of failure.
- **Attention to Detail:** The degree to which employees are expected to exhibit precision, thorough analysis, and meticulous attention to data.
- **Outcome Orientation:** The degree to which management focuses on bottom-line results and milestones rather than on the techniques and processes used to achieve them.
- **People Orientation:** The degree to which executive decisions take into consideration the effect of operational outcomes on people within the enterprise.
- **Team Orientation:** The degree to which work activities are organized around collaborative teams rather than individual contributors.
- **Aggressiveness:** The degree to which organizational members are aggressive, competitive, and driven to outperform rivals rather than easygoing.
- **Stability:** The degree to which organizational activities emphasize maintaining the institutional status quo rather than pursuing rapid growth.

Functions and Liabilities of Organisational Culture

Culture performs vital internal functions: it establishes organizational boundaries, conveys a sense of identity for members, facilitates the generation of commitment to something larger than individual self-interest, enhances social system stability, and serves as a sense-making and control mechanism that guides employee attitudes. However, a strong culture can become a significant liability: it creates a **Barrier to Change** when shared values conflict with new environmental realities; a **Barrier to Diversity** when strong pressures for conformity eliminate diverse cognitive perspectives; and a **Barrier to Mergers and Acquisitions** when incompatible corporate cultures collide disastrously.

Creating and Sustaining Organisational Culture

Culture creation originates with entrepreneurial founders who imprint their personal values upon early hires. Sustaining culture operates through three vital institutional forces:

- **Selection Practices:** Hiring individuals whose values, personality traits, and work styles align naturally with the corporate culture.
- **Top Management Modeling:** Senior executives establish behavioral norms through their observable actions, resource allocations, and responses to crises.

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- **Socialization Mechanisms:** Transmitting culture through Stories (founding folklore demonstrating core values), Rituals (repetitive award ceremonies and town halls), Material Symbols (architectural layouts, executive attire, perks), and specialized Organizational Language.

3. Workplace Conflict and the Thomas-Kilmann Resolution Framework

Conflict is defined as a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about.

Functional versus Dysfunctional Conflict

Contemporary management rejects the simplistic classical view that all conflict is harmful and must be eliminated. Administrative science differentiates between two types of conflict:

- **Functional (Constructive) Conflict:** Conflict that supports organizational goals, challenges complacency, stimulates creative alternative evaluation, and improves performance. Moderate levels of Task Conflict (disagreements regarding the content and goals of work) and Process Conflict (disagreements regarding how work should be executed) are highly functional.
- **Dysfunctional (Destructive) Conflict:** Conflict that hinders group performance, erodes trust, and generates organizational friction. *Relationship Conflict* (interpersonal animosity, friction, personality clashes, and mutual hostility) is almost universally dysfunctional, depleting emotional energy and destroying collaboration.

The Conflict Process: Five Sequential Stages

Conflict unfolds through five predictable stages:

1. **Potential Opposition or Incompatibility:** The presence of conditions that create conflict opportunities: Communication barriers (jargon, misunderstandings); Structural variables (size, specialization, jurisdictional ambiguity, goal incompatibility); and Personal variables (personality clashes, divergent value systems).
2. **Cognition and Personalization:** The stage where conflict potential becomes actualized. *Perceived Conflict* occurs when parties become aware of the conflict; *Felt Conflict* occurs when parties experience emotional involvement—experiencing anxiety, tension, or hostility.
3. **Intentions:** Decisions to act in a given way during conflict, categorized along two behavioral dimensions: Assertiveness (degree to which the party attempts to satisfy their own concerns) and Cooperativeness (degree to which the party attempts to satisfy the other's concerns).
4. **Behavior:** Overt conflict statements, actions, and reactions (ranging from minor disagreements and public questioning to assertive challenges and physical threats).
5. **Outcomes:** The resulting consequences, either functional (improved decision quality, stimulated innovation) or dysfunctional (reduced group cohesiveness, communication breakdown, destruction of the team).

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The Thomas-Kilmann Conflict Mode Instrument (TKI)

Kenneth Thomas and Ralph Kilmann mapped conflict-handling intentions across five distinct strategic modes:

Conflict Handling Mode	Assertiveness Level	Cooperativeness Level	Appropriate Situational Application
Competing / Forcing	High Assertiveness	Low Cooperativeness	Vital emergencies; decisive unpopular actions (cost-cutting); enforcing rules
Collaborating / Problem-Solving	High Assertiveness	High Cooperativeness	Complex issues where both sets of concerns are too important to compromise
Compromising	Moderate Assertiveness	Moderate Cooperativeness	Goals of moderate importance; mutually exclusive goals; temporary settlements
Avoiding / Withdrawing	Low Assertiveness	Low Cooperativeness	Trivial issues; when emotions are high; when others can resolve it better
Accommodating / Smoothing	Low Assertiveness	High Cooperativeness	When you discover you are wrong; preserving harmony and building social credit

4. Workplace Stress: Etiology, Consequences, and Management Pedagogies

Stress represents a dynamic psychological and physiological condition in which an individual is confronted with an opportunity, demand, or resource constraint related to what the individual desires, for which the outcome is perceived to be both uncertain and important. Stress exists in two forms: **Eustress** (positive, challenging stress that energizes performance and personal growth) and **Distress** (negative, overwhelming stress that impairs cognitive and physical function).

Etiology of Stress: Sources and Triggers

Workplace stressors originate from three interconnected domains:

- **Environmental Stressors:** Macroeconomic turbulence, technological obsolescence anxiety, and political uncertainties outside corporate control.
- **Organizational Stressors:** Task demands (job design, working conditions, ergonomic hazards); Role demands (*Role Conflict*, *Role Ambiguity* where expectations are unclear, and *Role Overload* where task volume exceeds available time); Interpersonal demands (workplace bullying, lack of managerial support); Organizational structure (excessive bureaucracy, lack of participation); and Organizational leadership style.

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- **Individual Stressors:** Personal family crises, economic financial distress, personality traits (Type A behavioral patterns characterized by chronic impatience, aggressiveness, and time urgency vs calm Type B personalities), and low psychological hardiness.

Consequences of Chronic Workplace Stress

Unmanaged organizational stress manifests across three critical symptom categories: **Physiological Symptoms** (elevated blood pressure, cardiovascular disease, migraine headaches, gastrointestinal disorders); **Psychological Symptoms** (job dissatisfaction, chronic anxiety, depression, emotional exhaustion, cynicism—culminating in total professional *Burnout*); and **Behavioral Symptoms** (decreased job productivity, elevated absenteeism, high turnover, increased error rates, alcohol and substance abuse, and sleep disruptions).

Individual and Organizational Stress Coping Pedagogies

Managing workplace stress requires coordinated individual and institutional interventions:

- **Individual Coping Pedagogies:** Time management techniques (prioritizing tasks, eliminating non-essential activities, making daily schedules); physical aerobic exercise; cognitive relaxation techniques (mindfulness meditation, biofeedback); and expanding personal social support networks.
- **Organizational Stress Management Interventions:** Improving talent selection and job placement; formulating realistic goal-setting programs; redesigning jobs to enhance employee autonomy and skill variety; expanding employee involvement in strategic decisions; establishing transparent corporate communication channels; offering flexible working hours and telecommuting; and institutionalizing comprehensive **Employee Assistance Programs (EAPs)** providing confidential mental health counseling and physical wellness centers.

5. Organisational Change Management: Forces, Resistance, and Process Models

In a volatile global economic landscape characterized by technological disruptions, shifting demographics, and competitive shocks, organizational change is not an occasional inconvenience; it represents a permanent operational imperative. Change involves altering an enterprise's structure, technology, physical setting, or people.

Forces for Change and Sources of Employee Resistance

Change is catalyzed by external forces (advances in generative AI, shifting consumer preferences, geopolitical supply disruptions) and internal forces (strategic realignments, executive leadership turnover, workforce dissatisfaction). However, organizational transformations routinely encounter intense **Resistance to Change**:

- **Individual Sources of Resistance:** Habit (relying on programmed behavioral routines); Security (fear of losing employment); Economic factors (fear of wage reductions); Fear of the unknown (cognitive anxiety regarding new competencies); and Selective information processing.

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- **Organizational Sources of Resistance:** Structural inertia (built-in organizational mechanisms like regulations and job descriptions designed to maintain stability); Limited focus of change (altering one subsystem without modifying interdependent subsystems); Group inertia (group norms constraining individual change); Threat to established expertise; and Threat to established power relationships.

Strategies for Overcoming Resistance to Change

Managers deploy six classical tactical strategies to overcome employee resistance:

1. **Education and Communication:** Fighting misinformation and clarifying the factual logic of change through transparent town halls and one-on-one briefings.
2. **Participation and Involvement:** Involving employees directly in the design and execution of the change initiative, transforming resisters into passionate advocates.
3. **Facilitation and Support:** Providing retraining programs, new skill workshops, and empathetic counseling to reduce transitional anxiety.
4. **Negotiation and Agreement:** Offering tangible economic incentives or packages to powerful resisting factions (e.g., golden handshakes).
5. **Manipulation and Co-optation:** Involves twisting facts to make them attractive, or buying off the leaders of a resistance group by giving them a key role in the change process.
6. **Explicit and Implicit Coercion:** Applying direct threats of job transfer, loss of promotion, negative performance evaluations, or dismissal (a risky last resort).

Kurt Lewin's Three-Step Change Model

Kurt Lewin conceptualized successful organizational change as a three-stage progressive process:

- **1. Unfreezing:** Overcoming the pressures of both individual resistance and group conformity. Unfreezing destabilizes the existing organizational equilibrium. According to Lewin's **Force Field Analysis**, the status quo represents a balance between *Driving Forces* (forces directing behavior away from the status quo) and *Restraining Forces* (forces hindering movement away from the status quo). Unfreezing is achieved by increasing driving forces, decreasing restraining forces, or combining both approaches.
- **2. Movement (Changing):** Transforming the enterprise from the status quo to a desired future state. Employees learn new behaviors, master new software workflows, and adopt new cultural values through active role modeling, mentoring, and continuous operational training.
- **3. Refreezing:** Stabilizing the change intervention by balancing driving and restraining forces at the new equilibrium. The new operational routines are institutionalized into formal policies, standard operating procedures, and reward structures. Without refreezing, employees naturally regress back to old behavioral habits.

John Kotter's Eight-Stage Process for Leading Change

Harvard Business School scholar John Kotter analyzed hundreds of corporate transformations, isolating eight sequential errors that cause change initiatives to fail, and formulating an eight-stage

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implementation roadmap:

1. **Establish a Sense of Urgency:** Examining market realities, identifying potential crises, and highlighting competitive threats to motivate action.
2. **Form a Powerful Guiding Coalition:** Assembling a committed group with sufficient power, expertise, and credibility to lead the change effort.
3. **Create a Clear Vision and Strategy:** Formulating an evocative, compelling vision that clarifies the direction of change, accompanied by actionable strategies.
4. **Communicate the Change Vision:** Continuously communicating the new vision across all channels, modeled consistently by the guiding coalition.
5. **Empower Broad-Based Action:** Removing institutional obstacles, altering systems that undermine the vision, and encouraging risk-taking and non-traditional ideas.
6. **Generate Short-Term Wins:** Planning for and achieving visible performance improvements within 6 to 12 months, recognizing and rewarding contributors.
7. **Consolidate Gains and Produce More Change:** Leveraging credibility from short-term wins to tackle larger structural overhauls and revitalize corporate processes.
8. **Anchor New Approaches in Corporate Culture:** Articulating connections between new behaviors and organizational success, ensuring leadership succession embodies the new culture.

6. Organisational Development (OD) and Systemic Interventions

Organisational Development (OD) represents a system-wide, planned application of behavioural science knowledge to the planned development, improvement, and reinforcement of the strategies, structures, and processes that lead to organizational effectiveness. OD is grounded in humanistic, democratic values—respect for people, trust and support, power equalization, confrontation of problems, and broad participation.

Core Organisational Development Interventions

OD change agents deploy several standardized behavioral interventions to improve institutional performance:

- **Survey Feedback:** Utilizing standardized psychometric questionnaires to assess employee perceptions and attitudes across the enterprise. Results are tabulated and fed back to operational work units in facilitated family group discussions, where employees collaboratively diagnose bottlenecks and design corrective action plans.
- **Process Consultation (PC):** Formulated by Edgar Schein, an external consultant assists a client (typically a manager) to perceive, understand, and act upon process events occurring in the work environment (e.g., communication patterns, decision-making dynamics, informal coalitions). Unlike traditional consulting where the expert provides the solution, in PC the consultant helps the manager diagnose their own problems and develop their own solutions.
- **Team Building Interventions:** Structured, intensive activities designed to improve interpersonal relations, clarify role expectations, resolve lingering interpersonal animosities, and

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build mutual trust among team members through experiential exercises and candid feedback.

- **Sensitivity Training (T-Groups / Laboratory Training):** An unstructured, leaderless small-group training methodology designed to increase self-awareness and sensitivity to the behavior of others through candid interpersonal feedback in a psychologically safe environment.
- **Intergroup Development:** Structural interventions designed to change attitudes, stereotypes, and perceptions that different functional departments hold of one another, eliminating destructive inter-departmental silos.

7. Negotiation Strategies, Bargaining Architecture, and Third-Party Interventions

Negotiation permeates every dimension of organizational life—from setting salaries and allocating capital budgets to coordinating project deadlines across cross-functional departments. A **Negotiation** is a process in which two or more parties exchange goods or services and attempt to agree upon the exchange rate for them.

Distributive versus Integrative Bargaining Strategies

Negotiation scholars distinguish between two polar bargaining orientations:

- **Distributive Bargaining (Win-Lose):** Operates under zero-sum conditions where any gain achieved by one party comes directly at the expense of the other party (dividing a fixed pie). Characterized by aggressive tactics, withholding information, establishing extreme opening demands, and focusing exclusively on immediate short-term outcomes. While common in one-off commercial asset sales, distributive bargaining damages ongoing interpersonal relationships.
- **Integrative Bargaining (Win-Win):** Operates under the assumption that there exists one or more creative settlements that can generate a win-win solution (expanding the pie). Parties engage in open information sharing, candidly disclose underlying interests and desires, exhibit empathy toward the other party's constraints, and collaboratively brainstorm innovative options that satisfy both sides. Integrative bargaining builds enduring trust and collaborative partnership.

The Negotiation Lifecycle and the BATNA Anchor

Effective negotiation adheres to a disciplined five-stage process: (1) Preparation and Planning; (2) Definition of Ground Rules; (3) Clarification and Justification; (4) Bargaining and Problem Solving; and (5) Closure and Implementation. The single most vital element of preparation is determining one's **BATNA (Best Alternative To a Negotiated Agreement)**. A negotiator's BATNA establishes the lowest acceptable value (reservation price) below which they should walk away from the negotiation. A strong BATNA provides immense bargaining power.

Third-Party Dispute Resolution Interventions

When disputing internal factions or corporate parties reach an impasse, neutral third parties intervene across four formal roles:

- **Mediator:** A neutral third party who facilitates a negotiated solution by using reasoning, persuasion, and suggesting alternatives. Mediators possess zero formal authority to impose a settlement; their power rests entirely upon perceived fairness and dispute resolution expertise.
- **Arbitrator:** A third party with the formal legal authority to dictate an agreement. Arbitration can be voluntary (mutually requested by parties) or compulsory (mandated by law). The arbitrator's award is legally binding on all parties.
- **Conciliator:** A trusted third party who provides an informal communication conduit between the negotiator and the opponent, engaging in fact-finding and carrying offers back and forth to restore dialogue.
- **Consultant:** A skilled, impartial professional who attempts to facilitate creative problem solving through communication and analysis, aided by their deep knowledge of conflict management and organizational dynamics.

8. Organizational Learning and Contemporary Change Pedagogies

To survive in fast-evolving markets, organizations must cultivate continuous learning capabilities and deploy modern positive change architectures:

Chris Argyris' Double-Loop Learning and Defensive Routines

Organizational theorist Chris Argyris demonstrated that conventional enterprises suffer from **Single-Loop Learning**—detecting and correcting operational errors by modifying behaviors while leaving basic underlying organizational policies, assumptions, and values completely unquestioned (like a thermostat that turns heat on when temperature drops, without asking why the room is cold). In contrast, high-performing enterprises cultivate **Double-Loop Learning**—questioning, challenging, and restructuring the fundamental assumptions, strategies, norms, and systemic values that created the problem in the first place.

Argyris also diagnosed **Organizational Defensive Routines**—habitual actions or policies designed to prevent employees from experiencing threat or embarrassment, which simultaneously prevent the enterprise from identifying the root causes of systemic operational failures.

Appreciative Inquiry (AI): The Positive Revolution in Change

Pioneered by David Cooperrider at Case Western Reserve University, **Appreciative Inquiry (AI)** overturns traditional problem-solving models. Traditional change begins with a problem-deficit assumption ("What is broken, and how do we fix it?"), generating defensiveness and fatigue. In contrast, Appreciative Inquiry begins by identifying what is working exceptionally well within the organization and building upon those peak strengths through a disciplined four-stage cycle:

- **1. Discovery (Appreciating What Is):** Conducting narrative interviews to identify the exceptional strengths, core competencies, and inspiring moments in the organization's history.
- **2. Dream (Envisioning What Might Be):** Mobilizing employees to collaborate in envisioning an ambitious, ideal future grounded in the discovered strengths.

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- **3. Design (Determining What Should Be):** Co-creating concrete organizational architectures, processes, and governance systems that will realize the articulated dream.
- **4. Destiny / Delivery (Sustaining What Will Be):** Implementing the designs, empowering self-managed teams, and fostering continuous learning and innovation.

Peter Senge's Five Disciplines of the Learning Organization

In his landmark management work *The Fifth Discipline*, MIT scholar Peter Senge conceptualized the **Learning Organization** as an enterprise where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, and where people are continually learning how to learn together. Senge articulated five foundational component disciplines:

- **1. Personal Mastery:** The discipline of continually clarifying and deepening personal vision, focusing energies, developing patience, and seeing reality objectively. Organizations foster personal mastery by establishing an environment where personal growth and lifelong learning are actively valued.
- **2. Mental Models:** Deeply ingrained assumptions, generalizations, or pictures and images that influence how we understand the world and how we take action. Discipline involves turning the mirror inward—learning to unearth internal mental models and hold them up to rigorous scrutiny through reflective dialogue.
- **3. Building Shared Vision:** The capacity to hold a shared picture of the future we seek to create. When an authentic shared vision exists, employees excel and learn not because they are told to, but because they genuinely care and desire to contribute.
- **4. Team Learning:** The process of aligning and developing the capacity of a team to create the results its members truly desire. Team learning relies upon the discipline of *Dialogue*—where members suspend their personal assumptions and enter into genuine collective thinking, as opposed to polarized defensive debate.
- **5. Systems Thinking (The Cornerstone):** The conceptual cornerstone that integrates all other four disciplines. Systems thinking enables managers to see the whole rather than isolated snapshots, recognizing that complex problems are governed by circular feedback loops, systemic delays, and unintended consequences rather than simplistic linear cause-and-effect chains.

Mental Health First Aid and Psychological Well-Being Governance

In contemporary human capital stewardship, organizations increasingly institutionalize **Mental Health First Aid (MHFA)** and psychological well-being architectures. Recognizing that psychological distress and burnout inflict severe economic costs through absenteeism and presenteeism (working while mentally unwell), progressive enterprises train frontline supervisors and volunteer peer champions to recognize early behavioral indicators of mental strain, offer non-judgmental empathetic listening, and facilitate confidential referrals to professional clinical care. Institutionalizing psychological well-being transforms organizational culture into an empathetic, supportive community that fosters sustainable high performance.

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Through the systematic mastery of power dynamics, cultural stewardship, constructive conflict resolution, employee stress management, and disciplined change governance, contemporary managers lead organizations through turbulent competitive environments toward sustained excellence and human flourishing.

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