DegreeLive

Bachelor of Business Administration (BBA) | Semester 4 | UK4DSCMGT202

Organisational Behaviour and Group Dynamics

Course Code: UK4DSCMGT202 • Module 5 Notes

degreelive.in

Module 5: Organisational Culture, Learning, and Change Management

Course: Organisational Behaviour and Group Dynamics (UK4DSCMGT202) • Academic Level: Semester 4 • DegreeLive Academic Press

1. Concept, Nature, and Significance of Organisational Culture

Organisational Culture refers to a system of shared assumptions, core values, beliefs, and behavioral norms that governs how people behave, make decisions, and interact within an organization. Culture is the institutional personality and "social glue" that binds members together: it defines the unwritten rules of engagement, establishes acceptable boundaries of conduct, conveys a sense of collective identity, and guides daily operational behaviors far more powerfully than formal written manuals.

Edgar Schein, the foremost scholar of organizational culture, formulated the **Three Levels of Culture Model**, demonstrating that culture manifests across ascending levels of visibility and cognitive depth:

1. **Level 1: Observable Artifacts (Surface Level):** The visible physical, verbal, and behavioral manifestations of culture that an outside visitor immediately perceives: corporate architectural layouts (open-plan vs executive corner offices), dress codes, logos, published corporate slogans, executive ceremonies, and public celebrations. While easily observable, artifacts are difficult to interpret without understanding deeper levels.
2. **Level 2: Espoused Values (Intermediate Level):** The consciously articulated, publicly stated strategies, goals, and philosophies championed by corporate leadership (e.g., published mission statements proclaiming *"Integrity, Customer Centricity, and Continuous Innovation"*). Disconnects frequently arise between *Espoused Values* (what leaders say they value) and *Enacted Values* (what leaders actually demonstrate through their daily budget and promotion decisions).
3. **Level 3: Basic Underlying Assumptions (Deepest Level):** Unconscious, taken-for-granted beliefs, perceptions, and thoughts that form the ultimate source of cultural values and action. These assumptions regarding human nature, the nature of truth, and relationship to the environment are so deeply ingrained that members find it nearly impossible to conceive of acting otherwise (e.g., an implicit assumption that failure in experimentation is a vital learning step vs an assumption that mistakes warrant termination).

2. Functions, Typologies, and Transmission of Corporate Culture

An established organizational culture performs four vital functional roles: (1) **Boundary-Defining Function** distinguishing the enterprise from competitors; (2) **Conveying Collective Identity** fostering pride and shared belonging; (3) **Facilitating Commitment to Something Larger than Individual Self-Interest**; and (4) **Sense-Making and Control Mechanism** guiding and shaping employee attitudes and behavior.

Strong Versus Weak Cultures and Subcultures

- **Strong Culture:** Core corporate values are intensely held, widely shared, and passionately defended by the vast majority of employees across all departments. Strong cultures build high behavioral consistency, deep loyalty, and reduce voluntary employee turnover. However, strong cultures risk organizational rigidity, groupthink, and severe resistance to strategic change during technological disruptions.
- **Weak Culture:** Little consensus exists regarding core values; employees view work purely as a transactional economic exchange; management must rely heavily on formal bureaucratic rules and close supervision to control behavior.
- **Subcultures and Countercultures:** As organizations expand, distinct subcultures emerge within specific functional departments or geographic offices reflecting unique operational realities (e.g., the sales subculture vs the software engineering subculture). If a subculture openly rejects and opposes the dominant corporate values, it becomes a **Counterculture**.

Mechanisms of Cultural Transmission

Organizations transmit culture to new employees through four primary social channels:

1. **Stories and Corporate Folklore:** Narrative legends circulating about founders, crisis turnarounds, rule-breaking innovations, and employee heroism that vividly illustrate core organizational values in action (e.g., stories of founder customer obsession).
2. **Rituals and Ceremonies:** Repetitive sequences of formal activities that express and reinforce key values, recognize outstanding performance, and celebrate collective milestones (e.g., annual awards galas, morning team huddles).
3. **Material and Physical Symbols:** Physical workspace layouts, presence or absence of executive dining rooms, luxury corporate automobiles, and casual dress codes that communicate the degree of egalitarianism versus hierarchy.
4. **Organizational Language and Jargon:** Unique terminology, acronyms, and specialized professional vocabulary that foster in-group solidarity and mutual identification among team members.

3. The Learning Organisation and Peter Senge's Five Disciplines

In his landmark work *The Fifth Discipline* (1990), Peter Senge asserted that sustainable competitive advantage in a volatile world requires an enterprise to become a **Learning Organisation**—an organization that facilitates the continuous learning of all its members and continuously transforms itself. Senge formulated **Five Component Disciplines** that collectively enable organizational learning:

DegreeLive

Component Discipline	Conceptual Meaning	Managerial Implementation Framework
Systems Thinking (The Cornerstone Discipline)	The cognitive capability to perceive whole systems, interconnected feedback loops, and long-term consequences, rather than isolated snapshots and linear cause-effect chains.	Analyzing operational problems holistically; recognizing that short-term quick fixes frequently worsen long-term systemic problems.
Personal Mastery	The discipline of personal growth and learning; continually clarifying what is truly important to us and expanding personal capacity to achieve chosen results.	Supporting employee professional development, continuous education, and intrinsic vocational mastery.
Mental Models	Deeply ingrained internal assumptions, generalizations, and cognitive images that influence how we understand the world and take action.	Surfacing, challenging, and testing hidden cognitive biases; cultivating reflective inquiries rather than defensive routines.
Building Shared Vision	Fostering genuine collective commitment to a shared picture of the future that members want to create together, rather than mere compliance with executive mandates.	Crafting inspiring organizational missions that resonate deeply with individual employee values and aspirations.
Team Learning	Transforming conversational and collective thinking skills so that groups develop collective intelligence and problem-solving capacities greater than individual talents.	Practicing authentic dialogue (suspending assumptions and thinking together) rather than defensive debate (defending established positions).

4. Workplace Evolution: Hybrid Work Culture, Remote Collaboration, and Digital Trust

The global acceleration of remote and hybrid work architectures has fundamentally transformed organizational culture from physical co-location into a digital, distributed experience:

- **The Shift from Face-Time to Outcome-Based Performance:** Traditional cultures measured employee commitment by physical presence at an office desk. Modern hybrid cultures measure performance strictly on objective deliverables, asynchronous communication clarity, and project milestones.
- **Cultivating Digital Trust and Psychological Safety:** In virtual environments, managers cannot rely on casual corridor interactions. Building trust requires transparent documentation, predictable communication rhythms, asynchronous communication etiquette, and blameless virtual retrospective meetings.
- **Combating Remote Isolation and Cultural Dilution:** Organizations combat digital isolation through deliberate "virtual water-coolers," intentional in-person quarterly team summits, mentorship pairing programs, and structured onboarding rituals for remote hires.

5. Organisational Change: Forces for Change and Resistance Dynamics

Organisational Change is the planned or unplanned alteration of an enterprise's structural design, operational technologies, corporate culture, or strategic business models to adapt to internal performance shortfalls or external environmental shifts.

A. External and Internal Forces Driving Organisational Change

- **External Environmental Drivers:** Rapid technological disruptions (artificial intelligence, automated robotics), macroeconomic shifts (inflation, interest rate cycles), competitive pressures, shifting consumer demographics, and stringent government regulatory mandates.
- **Internal Operational Drivers:** Declining operational profitability, high employee turnover, changes in top executive leadership, structural reorganizations, and employee demands for modern workplace flexibility.

B. Employee and Organizational Resistance to Change

Change is disruptive and uncomfortable, naturally triggering psychological resistance. Behavioral scholars categorize resistance into two distinct dimensions:

Source of Resistance	Underlying Psychological / Structural Driver	Workplace Manifestation
Individual Resistance: Habit	Humans are creatures of habit; familiar behavioral routines provide psychological comfort and minimize cognitive effort.	Employees resist learning complex new ERP software, falling back on familiar manual spreadsheets.
Individual Resistance: Security & Economic Fear	Fear of technological redundancy, loss of income, or diminished professional status.	Workers fear that AI automation tools will render their technical roles obsolete, triggering covert foot-dragging.
Individual Resistance: Fear of the Unknown	Anxiety regarding personal competence to succeed under newly established operational procedures.	Experienced personnel feel intimidated by digital systems, experiencing intense performance anxiety.
Organizational Resistance: Structural Inertia	Built-in bureaucratic mechanisms (job descriptions, standard procedures, reward systems) designed to maintain stability.	Departmental silos actively resist cross-functional reorganization to protect established administrative turf.
Organizational Resistance: Threat to Resource Allocations	Departmental heads fear loss of budget, headcount, and political influence in the corporate hierarchy.	Middle managers lobby against centralizing procurement functions to retain personal vendor discretionary power.

Degreelive

6. Seminal Change Management Frameworks: Lewin and Kotter

A. Kurt Lewin's Three-Step Change Model

Kurt Lewin conceptualized successful planned change as a three-stage psychological transition process:

1. **Stage 1: Unfreezing:** Overcoming individual resistance and group conformity to prepare the organization for change. Lewin's **Force Field Analysis** demonstrates that any current operational state is an equilibrium between *Driving Forces* (pressures directing behavior away from the status quo) and *Restraining Forces* (pressures hindering movement). To unfreeze the status quo, leadership must: (1) Increase driving forces; (2) Decrease restraining forces; or (3) Combine both approaches to break the equilibrium.
2. **Stage 2: Changing (Moving / Transitioning):** The active execution phase where the organization migrates from the old operational state to the newly designed future state. Leadership introduces new technology, restructures workflows, reassigns roles, and trains personnel, maintaining open communication to alleviate employee anxiety.
3. **Stage 3: Refreezing:** Institutionalizing the newly enacted behaviors into the permanent corporate culture and daily routines to prevent employees from regressing back to old habits. Solidified through aligned compensation systems, positive recognition, updated standard operating procedures, and celebrating early wins.

B. John Kotter's Eight-Step Change Framework

Building upon extensive corporate turnaround studies, Harvard professor John Kotter formulated a sequential eight-step implementation roadmap for leading major organizational transformations:

- **Step 1: Create a Sense of Urgency:** Inspiring people to move by demonstrating compelling competitive, technological, and market realities that render complacency dangerous.
- **Step 2: Build a Guiding Coalition:** Assembling a powerful cross-functional leadership team possessing positional authority, technical credibility, and interpersonal influence to lead the change.
- **Step 3: Form a Strategic Vision and Initiatives:** Clarifying how the future will be different from the past and articulating a simple, inspiring vision of the destination.
- **Step 4: Enlist a Volunteer Army (Communicate the Vision):** Communicating the vision relentlessly across every channel and leadership interaction to build broad-based emotional buy-in.
- **Step 5: Enable Action by Removing Barriers:** Dismantling bureaucratic obstacles, eliminating redundant approval layers, and empowering employees to take risks and experiment.
- **Step 6: Generate Short-Term Wins:** Planning and achieving visible, unambiguous performance victories within 6 to 12 months to prove project viability and silence cynical critics.
- **Step 7: Sustain Acceleration (Consolidate Gains):** Using credibility from early wins to tackle deeper systemic problems, updating policies, and expanding change initiatives.

Degreelive

- **Step 8: Institute Change (Anchor in Culture):** Articulating the clear connection between new behaviors and organizational success, weaving changes into leadership succession and onboarding.

7. The Competing Values Framework (CVF) of Organizational Culture

Developed by Robert Quinn and Kim Cameron, the **Competing Values Framework** maps corporate cultures along two core structural axes: **Flexibility vs. Stability**, and **Internal Focus vs. External Focus**. This generates four dominant cultural archetypes:

Cultural Archetype	Core Focus & Value Orientation	Leadership Style & Drivers	Operational Effectiveness Criteria
Clan Culture (Collaborate)	Internal focus and high flexibility; family-like climate, deep teamwork, employee participation, and mutual loyalty.	Leader as Mentor / Facilitator. Drivers: trust, commitment, and comprehensive human resource development.	High employee job satisfaction, moral cohesion, and internal talent development.
Adhocracy Culture (Create)	External focus and high flexibility; entrepreneurial, creative, risk-taking, fast prototyping, and cutting-edge innovation.	Leader as Innovator / Visionary. Drivers: pioneering breakthroughs, agility, and market transformation.	Producing cutting-edge new products and capturing early market dominance (e.g., Silicon Valley startups).
Market Culture (Compete)	External focus and high stability/control; fiercely competitive, results-oriented, customer obsessed, driving hard profits.	Leader as Hard Driver / Competitor. Drivers: market share gains, profitability, and measurable bottom-line metrics.	Aggressive revenue growth, outperforming competitors, and shareholder wealth creation.
Hierarchy Culture (Control)	Internal focus and high stability/control; structured, formalized, rule-governed, process standardization, and predictability.	Leader as Coordinator / Monitor. Drivers: operational efficiency, consistency, and zero defects.	Dependable delivery, smooth execution, and strict regulatory compliance (e.g., government agencies, commercial banks).

8. Managing Cultural Integration in Mergers and Acquisitions (M&A)

Up to 70% of corporate mergers fail to achieve their anticipated financial synergies due to catastrophic "culture clash." When two corporate cultures collide, management must select an appropriate cultural integration strategy:

1. **Assimilation:** The acquired firm willingly abandons its past culture and fully embraces the culture of the acquiring corporation (successful when the acquired firm has a weak, broken

DegreeLive

culture).

2. **Integration:** Blending the best cultural practices of both companies to forge a new, synergistic hybrid culture (demands extensive time, active dialogue, and high mutual respect).
3. **Separation:** The acquiring company permits the acquired entity to operate autonomously as a distinct cultural unit (ideal for innovative tech acquisitions where corporate bureaucracy would kill creativity).
4. **Deculturation:** Forcibly dismantling the acquired company's culture through mass executive dismissals and imposed rules, often resulting in severe employee demoralization and loss of intellectual capital.

9. Organization Development (OD) and Action Research Foundations

Organization Development (OD) is a systematic, planned, organization-wide effort managed from the top and assisted by behavioral science consultants to increase organizational effectiveness and health through planned interventions in the organization's processes.

The Action Research Process Model

Action Research provides the scientific, data-based foundation for planned organizational change, progressing through seven iterative steps:

1. **Problem Identification:** Executive leadership perceives performance gaps (customer churn, declining productivity, interdepartmental hostility) and engages a behavioral consultant.
2. **Consultation with Behavioral Expert:** Establishing collaborative psychological contracts between internal management and the external change agent.
3. **Data Gathering and Preliminary Diagnosis:** Collecting quantitative and qualitative operational data via interviews, observational audits, and structured climate surveys.
4. **Joint Feedback to Client Group:** Sharing diagnostic findings transparently with stakeholders to overcome denial and build collective awareness.
5. **Joint Action Planning:** Co-designing specific intervention strategies, change roadmaps, and accountability milestones.
6. **Action Implementation:** Executing planned OD interventions across structural, cultural, or interpersonal dimensions.
7. **Data Gathering After Action (Evaluation):** Auditing post-intervention performance to measure effectiveness, re-freeze constructive behaviors, and identify emerging challenges.

Contemporary Organization Development Interventions

- **Survey Feedback:** Questionnaires administered to all employees; data is analyzed and fed back to workgroups in structured workshops to identify operational bottlenecks and develop bottom-up corrective action plans.
- **Appreciative Inquiry (The 4D Cycle):** Replaces traditional deficit-based problem-solving with a positive psychology approach focusing on organizational strengths and peak moments: *Discovery*

degreelive

(appreciating what is best), *Dream* (imagining what could be), *Design* (co-creating what should be), and *Destiny* (sustaining what will be).

- **Team Building and Process Consultation:** Intensive offsite retreats utilizing experiential problem-solving to diagnose team communication breakdowns, enhance interpersonal trust, and clarify role allocations.

10. Lewin's Force Field Analysis: Practical Corporate Turnaround Case

To illustrate Lewin's change model, consider a regional commercial bank in Kerala transitioning from paper branch transactions to an automated cloud banking system. Management maps the competing forces:

Driving Forces (Pressures for Change)	Restraining Forces (Pressures against Change)
Customer demand for 24/7 instant mobile banking.	Senior branch staff's anxiety regarding complex digital interfaces.
High operating costs of maintaining physical paper archives.	Trade union fears of potential staff retrenchment.
Regulatory RBI mandates for automated digital audit trails.	Customer habits of seeking in-person passbook physical validation.
Competitive threat from digital fintech neo-banks.	Disruption of daily branch operations during software migration.

Unfreezing Execution: Management unfreezes the equilibrium not by coercively increasing driving forces (which only escalates union resistance), but by systematically **reducing restraining forces**: guaranteeing zero retrenchments, providing comprehensive digital literacy training, and deploying user-friendly touchscreens with local language support.

11. Edgar Schein's Culture Embedment Mechanisms

Founders and top executive leaders embed and reinforce cultural values within an enterprise through two powerful categories of leadership mechanisms:

A. Primary Culture Embedding Mechanisms (Direct Impact)

- **What Leaders Pay Attention to, Measure, and Control:** If a CEO begins every management meeting asking detailed questions about customer safety metrics rather than short-term cost cuts, employees immediately internalize that customer safety is the paramount institutional priority.
- **Leader Reactions to Critical Incidents and Organizational Crises:** When a company faces a financial shortfall, does leadership cut frontline jobs or do executives accept voluntary salary reductions? Crisis reactions reveal the true underlying corporate values.

- **Deliberate Role Modeling, Teaching, and Coaching:** Authentic daily behaviors exhibited by executives that illustrate corporate values in action (e.g., leaders flying economy class to reinforce frugality).
- **Criteria for the Allocation of Rewards and Status:** Who gets promoted, who receives executive bonuses, and who is publicly celebrated. Rewarding collaborative team players over brilliant solo jerks cements a collaborative culture.
- **Criteria for Recruitment, Selection, and Separation:** Systematically hiring candidates who share core organizational values (cultural fit) and gracefully separating individuals who violate cultural norms regardless of high technical performance.

B. Secondary Articulation and Reinforcement Mechanisms

1. **Organizational Design and Structure:** Highly centralized tall hierarchies signal control and compliance; flat team networks signal trust and autonomy.
2. **Organizational Systems and Procedures:** Formal budgeting cycles, management information systems, and performance review formats that institutionalize priorities.
3. **Design of Physical Spaces, Facades, and Buildings:** Transparent glass offices reinforce openness; lavish executive suites reinforce hierarchical distance.
4. **Formal Statements of Organizational Philosophy:** Published corporate credos, ethical codes, and charters that articulate company identity.

12. Overcoming Employee Cynicism Toward Organizational Change

Repeated, poorly managed corporate transformation initiatives frequently breed **Employee Cynicism Toward Change (CAIC)**—an attitude characterized by pessimism regarding the success of future change initiatives, feelings that management is deceitful or self-serving, and critical contempt for corporate slogans.

Cynicism comprises three psychological components: (1) *Cognitive belief* that change efforts are futile; (2) *Affective emotion* of irritation and disillusionment; and (3) *Behavioral tendency* toward sarcastic complaints and passive resistance.

Leaders overcome cynicism by: (1) Involving frontline workers in the early diagnostic problem formulation stage; (2) Maintaining radical transparency regarding past change failures and acknowledging management mistakes; (3) Delivering realistic previews of the hard work and sacrifices required; and (4) Rewarding genuine feedback while avoiding hollow corporate propaganda.

13. Organizational Socialization: Van Maanen and Schein's Six Tactical Dimensions

Organizational Socialization is the process by which an individual acquires the social knowledge, behavioral norms, and expected role competencies required to assume an organizational role. John Van Maanen and Edgar Schein established that the design of socialization programs dictates whether

DegreeLive

newcomers develop a *Custodial Orientation* (conforming rigidly to established norms) or an *Innovative Orientation* (challenging status quo routines and pioneering new methods):

Socialization Dimension	Institutionalized Tactics (Custodial Role)	Individualized Tactics (Innovative Role)
Collective vs. Individual	Newcomers are put through common learning experiences as an identical cohort (e.g., military boot camp).	Newcomers are socialized individually through unique, tailored one-on-one apprenticeships.
Formal vs. Informal	Newcomers are segregated from regular work settings into specialized training classrooms.	Newcomers learn directly on the job alongside experienced peers with minimal formal separation.
Sequential vs. Random	Clear, explicit sequential stages through which the recruit must pass before achieving full membership.	Ambiguous, fluid developmental sequence dictated by emergent project opportunities.
Fixed vs. Variable	Strict, predictable timelines for each stage of socialization and promotional reviews.	Timelines are open-ended and dependent on subjective supervisory judgment.
Serial vs. Disjunctive	Experienced incumbent role models train and mentor the newcomer, transmitting established traditions.	Zero role models available; the recruit must pioneer novel solutions in a new role.
Investiture vs. Divestiture	Validates and confirms the recruit's incoming personal identity and unique skills.	Systematically dismantles the recruit's prior habits and self-image to rebuild a standardized corporate persona.

14. Culture Transformation in Action: The Satya Nadella Turnaround

When Satya Nadella assumed leadership of Microsoft in 2014, the corporation was plagued by a toxic, hyper-competitive internal culture characterized by warring departmental silos, internal product sabotage, and fear of failure. Nadella recognized that strategic turnaround required fundamental cultural transformation.

Drawing on Carol Dweck's psychological research, Nadella replaced Microsoft's entrenched "Know-It-All" fixed mindset culture with a **"Learn-It-All" Growth Mindset Culture**: (1) Rewarding curiosity, experimentation, and cross-departmental collaboration; (2) Treating product failures as vital learning data rather than career-ending mistakes; (3) Replacing confrontational stack-ranking performance reviews with collaborative coaching dialogues; and (4) Focusing on profound customer empathy. This cultural renaissance propelled Microsoft's market valuation from $300 billion to over $3 trillion, proving that culture is the ultimate driver of enterprise value.

Degreelive

15. Six Methods for Overcoming Resistance to Change (Kotter & Schlesinger)

John Kotter and Leonard Schlesinger (1979) formulated six strategic managerial approaches for diagnosing and managing employee resistance to organizational change:

Managerial Approach	Situational Context Where Optimal	Core Advantage	Operational Limitation / Risk
Education and Communication	When resistance is rooted in misinformation, inaccurate rumors, or lack of analytical clarity.	Once convinced, employees become passionate champions who help persuade skeptical peers.	Time-consuming and resource-intensive, especially with large workforces.
Participation and Involvement	When the change initiators lack all the information needed to design the change and resisters have high power to resist.	Generates profound psychological ownership and emotional commitment; integrates valuable frontline insights.	Can consume significant time; potential for suboptimal compromises if participants have conflicting goals.
Facilitation and Support	When resistance is driven by fear, emotional anxiety, and feelings of inadequacy under new workflows.	Directly heals psychological trauma through counseling, technical training, and empathetic support.	Can be expensive and still fail if employees fundamentally reject the change vision.
Negotiation and Agreement	When a specific group with substantial power to disrupt change clearly stands to lose (e.g., trade union losing perks).	Averts catastrophic industrial conflict through contractual incentives (pension buyouts, bonus guarantees).	Can become prohibitively expensive; risks blackmail from other opportunistic interest groups.
Manipulation and Co-optation	When other tactics will not work or are too expensive, and leadership needs fast compliance.	Relatively quick and inexpensive; co-opting a union leader onto an advisory committee silences criticism.	Can trigger complete destruction of trust if resisters discover they are being manipulated.
Explicit and Implicit Coercion	During rapid turnaround emergencies where change is vital and resisters are utterly intransigent.	Extremely rapid; forcefully overcomes stubborn resistance through threats of transfer or termination.	Leaves a toxic legacy of fear, lingering resentment, and destroyed corporate morale.

DegreeLive